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WARBURG'S NEW STRATEGY
The house Sir Sigmund built
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THE BRITISH ECONOMY
Some old fears revive
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Beating the heat in Tokyo
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Yesterday's junk today's profit
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WORLD NEWS

Baby dies 18 days after heart swap

Hollie Roffey died in London yesterday, 18 days after becoming the world's youngest heart transplant patient. She was born with only half a heart, but received a new one, the size of a big plum, when she was 10 days old, in an operation performed by surgeon Magdi Yacoub at the National Heart Hospital. But she later had bowel and kidney problems, and yesterday developed difficulty breathing which led to heart failure.

Indian police kill 11

Indian police shot 11 people dead in a wave of riots over the sacking of Andhra Pradesh Chief Minister N. T. Rama Rao, Page 2

RUC 'unacceptable'

Irish government ministers believe the Royal Ulster Constabulary has no hope of being accepted by the Roman Catholic community in the north, Page 3

'Stings' will go on

The U.S. Attorney General said the acquittal of John De Lorean on drugs charges would not deter the U.S. Government from undertaking "sting" operations, Back Page

Alliance merger plan

Liberal Party pressure for a merger with the SDP is likely to dominate Alliance party congresses next month, following publication of a Liberal policy paper, Page 3

Spain firm on Basques

Spain reaffirmed its determination to seek extradition of Basque terrorists from France, Page 2

Suspects to go free

Hundreds of suspected criminals will be released in Italy next week, under a new law cutting the time people may be held awaiting trial.

Turkey hunts Kurds

Turkish troops began a big search for Kurds who attacked two gendarme outposts in the east of the country, Page 2

Army training deal

Uganda and Britain signed an agreement for Britain to help train the Ugandan army, which has come under sharp human rights criticism.

Olympics boost BBC

The BBC took 57.2 per cent of the television audience, and ITV 42.8 per cent, in the second week of the Olympics, which only the BBC covered in full.

Moscow games success

Performances in the 20km walk, javelin and hammer throwing on the first day of the Moscow Friendship Games beat the winning performances in the Los Angeles Olympics.

Land of rising mercury

Japan had its 18th consecutive day with temperatures above 34C (93F), a record best wave, Weekend Brief, Page 15

Financial Times

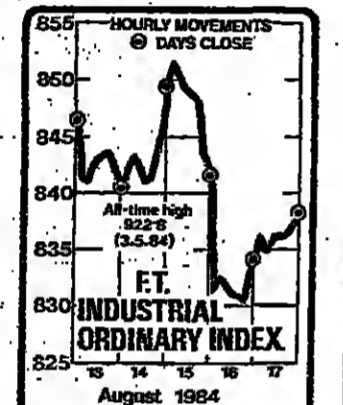
We apologise for any typographical errors in this edition caused by production difficulties in the reading department.

BUSINESS SUMMARY

UK-France sheepmeat war looms

THE PROSPECT of another Anglo-French battle over the sheepmeat trade loomed last night when France announced tighter controls on imports of British lamb and mutton, claiming there were excessive insecticide levels in the fat. Britain immediately demanded a meeting with French officials for clarification and said it was not aware of any justification for action which could interrupt trade.

EQUITIES: The expected cut in base lending rates found the London stock market in an unresponsive mood. Business



was light and the FT Industrial Ordinary index closed 4.2 up at 838.3 for a fall of 8 points on the week, Page 20

LIVERPOOL dockers' leaders believe a two-year pay and productivity deal they have negotiated for the port's 2,100 registered dockers is one of the best yet achieved in the industry, Page 4

BRITISH AEROSPACE workers at Filton, Bristol, ended their sit-ins peacefully when police arrived to evict them, Page 4

NEI Nuclear Systems of Gateshead, Tyne and Wear, is to cut a further 525 jobs seven months after shedding 688.

BRAZILIAN oil production has been hit Thursday's fire on the Enchova Central platform 50 miles off Rio de Janeiro in which at least 38 died, Page 2

U.S. personal income rose by 0.8 per cent in July largely reflecting pay rises and in spite of higher unemployment, but consumer spending rose by only 0.3 per cent.

FRENCH unemployment rate rose to a seasonally-adjusted 10 per cent in July. Those out of work numbered 2.34m against 2.32m in June, according to Labour Ministry figures.

ITT, the diversified U.S. group, bought 508m shares in Standard Telephones and Cables, the UK communications group, to prevent its holding becoming too heavily diluted in STC's takeover of computer maker ICL, Back Page

WARNER Communications, U.S. entertainment group, is renegotiating its revolving credit agreement with a group of banks following its \$475.5m (£360m) second-quarter loss, Page 17

MICHELIN, French tyre maker, has started talks with banks on raising a FF4.5bn (£645m) loan to put its finances on a sounder footing, Page 2

RUSHLAKE Investments, hotelier Nurdin Jivraj's newly-created company, is expected to announce details of a £10m cash bid for London Park Hotels (formerly the Rowton Hotel group) on Monday, Page 16

Banks cut base rates from 11% to 10½%

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

THE MAJOR clearing banks yesterday cut base lending rates by a further ½ per cent to 10½ per cent following a signal from the Bank of England.

This was the third cut in less than two weeks and partly reversed the step rise in July when rates went up in two stages from 9½ per cent to 12 per cent.

The July rise in interest rates, in response to a slide in sterling, prompted building societies to raise mortgage rates by 2½ percentage points to 12½ per cent.

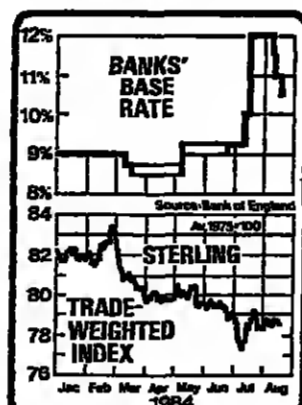
The societies will now come under pressure to reduce mortgage rates, perhaps after the next meeting of the Building Societies' Association in mid-September.

However, the societies yesterday appeared reluctant to cut their rates until base rates fell a further half-point.

The inflow of funds to societies in August was described yesterday as "dramatically bad" by the Abbey National. For the full month the BSA expects the inflow to be only £400m, about half the sum needed to match demand for mortgages.

It appeared yesterday that the authorities want base rates to fall to 10 per cent soon.

However, they are anxious not to upset the foreign exchange markets and seem



likely to wait to see how yesterday's cut will be digested.

The Bank of England signalled a cut in base rates with two cuts of ½ percentage point in its money market dealing rates on Thursday and yesterday.

After the cut sterling remained fairly firm, with its Bank of England index against a trade-weighted basket of currencies closing at 78.5, 0.2 point lower than on Thursday but unchanged from its value a month ago when base rates were at 12 per cent.

Although the authorities have been anxious to deny that they have a target parity for sterling, they do not want to

move interest rates to a threshold which might trigger a rush to sell the currency.

The view in the City is that the pound remains vulnerable to any change in sentiment about the course of the miners' strike, to any weakening of oil prices as well as to other external events like a strengthening of U.S. interest rates.

However, the City's fears about the trend of UK monetary conditions, much evident in the early summer, seem to have subsided. Figures this week showing subdued monetary growth and lower-than-expected inflation for July have produced a calmer mood.

The August money supply figures due next month are expected to continue the easier trend, and in the absence of external shocks, this may allow the authorities to promote another cut in interest rates.

Yesterday, Sir James Cleminson, president of the Confederation of British Industry, said businessmen hoped to see a continuation of the downward trend of interest rates. He described yesterday's cut as "another welcome step towards lower borrowing costs and the restoration of business confidence."

Warburg's new strategy, Page 14
Lex, Back Page

Size of fall in Israeli reserves disguised by accounting change

BY OUR TEL AVIV CORRESPONDENT

ISRAEL'S central bank concealed the extent of a sharp drop in foreign reserves last month by adopting a new accounting method.

Amid charges of a major cover-up, a bank spokesman said yesterday that the July figure for reserves had been boosted by the new method by some \$325m.

The originally reported figures prompted concern because they showed reserves down by a record \$351m to just over \$2.6bn. This is well below the \$3bn needed to cover three months' imports of basic commodities and long regarded as the minimum working level.

In fact, the position was worse because for the first time the bank had included some funds privately held in Israel by foreigners and new immigrants in high-interest so-called "Patrol" accounts. This was on top of a regular bank practice of taking out overnight loans to boost reserves.

The disclosure, published in several local newspapers, seemed certain to damage

further foreign confidence about Israel's ability to haul its way out of a deep economic crisis and reduce its 400 per cent annual inflation rate.

When the July figures were first published, Mr Moshe Mandelbaum, the bank governor, appealed to the Government to cut local demand sharply, reduce public spending by \$1.5bn and direct the country's resources towards exports.

Professor Eleizer Shefer, a former deputy governor of the bank, said the bank appeared to be making desperate attempts to overcome Israel's growing difficulty in raising foreign loans.

The political stalemate following last month's general election has added to the anxiety about Israel's delay in launching the austerity programme long urged by economists and bankers. The country's foreign debt is now about \$20bn — one of the highest per capita in the world.

Negotiators from the Labour opposition and ruling Likud bloc, discussing whether to form

a national unity coalition, reported some progress yesterday in drawing up a joint economic policy.

Mr Gad Yacobi, Labour's economic spokesman, said they had started drafting a joint document, while party differences on economic measures are not wide, the real stumbling blocks to the coalition concern foreign policy and the Jewish settlement drive in occupied Arab territory.

There has been little sign of compromise on these two fronts and it is still doubtful whether right-wing Likud members can bring themselves to serve under Labour leader Mr Shimon Peres, the prime minister-designate.

The caretaker Likud government has meanwhile taken one small step to reduce inflation. Despite trade union protests, it is not raising income tax thresholds this quarter.

This means that thousands of Israeli workers, who have just received 10 per cent wage rises to keep up with inflation, will lose some of the increase to the taxman.

Swiss banks take Poland to court

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

BANK HANDLOWY, Poland's foreign trade bank and the country's main borrower in international markets, faces legal action in Switzerland over its failure to redeem in full a SwFr 41m (£13m) private placement that matured on May 2.

Kreditbank (Suisse) of Geneva, a lead manager in the placement, said last night that a compulsory payment order would be sought in the cantonal courts of Berne on behalf of an unnamed investor in the issue who wants the notes redeemed.

In a statement Kreditbank said "the attitude so far adopted by Bank Handlowy could have grave repercussions for the future smooth working of the Swiss capital market." Together with Sotidit, another lead manager, it has been seeking a negotiated settlement of the SwFr 12.3m principal still outstanding on the placement.

However, a row broke out again during the week after

Polish debt rescheduling are in no way bound by the terms and conditions of such an agreement. They can in no circumstances accept a rescheduling of the remaining instalment of this private placement," Kreditbank said.

The Swiss bank had earlier refused comment on Bank Handlowy's statement that private holders had been paid, but yesterday the bank said it was unaware of any money having been received at all. Kreditbank has consistently argued that it would infringe bank secrecy for lead managers to disclose whether noteholders were individuals or institutions.

Without such a breakdown, however, Bank Handlowy cannot in any case fulfill its obligations under its rescheduling agreement.

Kreditbank added that Bank Handlowy was aware legal action was pending when it said it had paid individual noteholders on Tuesday.

Inflation rate falls to 4.5% in July

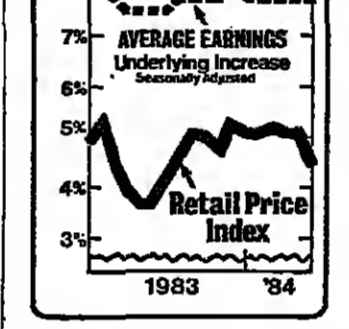
By Max Wilkinson, Economics Correspondent

RETAIL PRICES fell slightly in July, bringing the annual rate of inflation down to 4.5 per cent, compared with 5.1 per cent in May and June.

The July figure, the best for 12 months, was welcomed by Mr Tom King, Employment Secretary.

He said: "We were hoping for a good month but the size of the fall was certainly better than expected."

The figures issued by the Department of Employment



yesterday showed that the main price falls were for seasonal foods, particularly fresh vegetables.

They also showed small reductions in prices in other categories including durable household goods, transport and vehicles and meals out. Even when the effect of falling food prices is excluded, the underlying inflationary pressure appears to be very subdued.

The Retail Price Index for July was 351.5, 0.1 per cent less than the index for June, and only 2.6 per cent higher than the index six months earlier.

The rise in the Tax and Price Index, which measures the gross pay needed to keep pace with changes in prices and taxes, was only 3.3 per cent, down from 4 per cent in June.

The inflation rate for August is likely to rise again because of the effect of the 2½ percentage point increase in mortgage interest rates to 12½

Continued on Back Page

Move to soften TUC motions on pit strike

BY JOHN LLOYD, INDUSTRIAL EDITOR

UNION leaders against committing the TUC Congress to two weeks to unqualified support for the miners' strike are working to defeat, or at least to soften, motions from the National Union of Mineworkers and other left-led unions which would tie the unions down to large-scale financial and physical support.

Right and centre-led unions are considering promoting a motion, to be moved by the General Council, which would withhold support for the miners in general terms. The NUM motion, if amended by motions from the rail unions, the seamen and the furniture workers, would commit TUC affiliates collectively to provide £1m a week to the union, not to cross picket lines and to stage a one-day strike.

The putative General Council motion would not be so specific — though it might direct money collected strictly to mining families, rather than to the union in pursuit of the strike.

The motion could be promoted as an addition to the NUM motion rather than an alternative. But if it is passed, it would allow Congress the option as to whether to adopt a militant or moderate posture, as necessary to prevent splits.

If this tactic fails, the right and centre could still hope for a straight defeat of the amended NUM motion. NUM leaders reckon the con count on 42m committed votes, and see the 800,000 votes of the centrist National Association of Local Government Officers as essential if they are to achieve a majority of the almost 10m votes represented at Congress.

Nalgo voted two to one at its annual conference earlier this year to support the miners, and has pledged £2,000 so far from its central funds. However, it has run into opposition to these donations in at least 50 branches from members who have called a special delegate conference to debate continued support.

The Congress is increasingly seen as the focus for decisions

on the future of the strike at every level. Union leaders, and senior National Coal Board officials, believe that if support from the TUC were muted the ending of the strike would be hastened either through renewed negotiations or a speed-up of the return to work.

The NCB's increasing confidence was shown yesterday when Mr Ned Smith, the board's director of industrial relations, picked up a gauntlet thrown down by Mr Arthur Scargill.

British Steel Corporation cut the rate of coke oven operation at its Rammearg works in Scunthorpe yesterday because of the dockers' ban on coal imports at Hunterston. Back Page

Other pit strike news, Page 4
Editorial Comment, Page 14

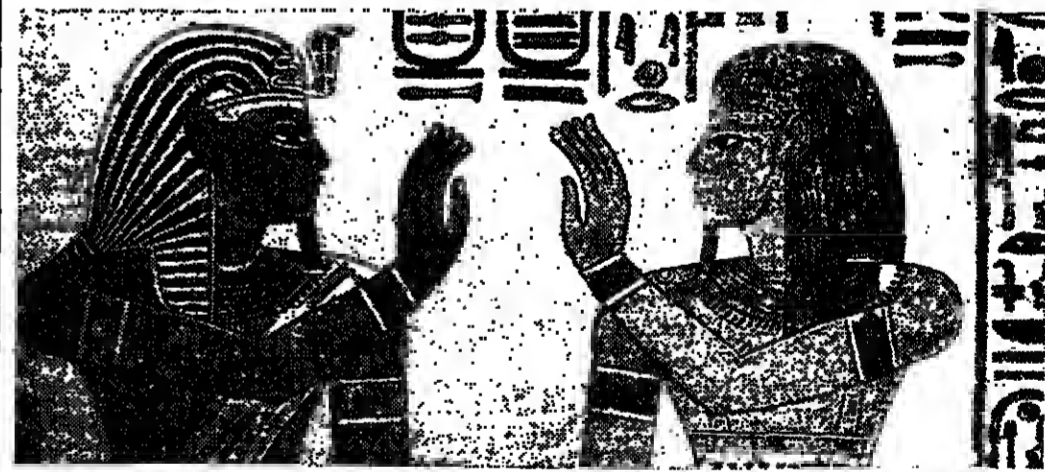
the NUM leader. He accepted the challenge of a televised debate on the dispute, to be screened on Channel Four news on Wednesday.

Mr Scargill yesterday strongly denied that the drift back to work, hailed by the NCB as "gaining momentum," was significant, in a statement issued from Barnsley, he said that: "There are as many people involved in the strike today as when it began nearly six months ago."

He said NUM figures showed 130 of the 150 pits wholly on strike, eight with only a few men working and all others working at below capacity because of members striking. The NCB claims that 114 are on strike, including 19 on holiday.

However, the north-east and South Wales areas will next week come under the same pressure which has faced Yorkshire and Scotland, and which produced signs of a slow drift back in the past week.

Miners at the Celynen South branch in South Wales and at Hag Colliers, Cumberland's only pit, have both indicated they are anxious for the dispute to end.



ON BUSINESS IN EGYPT...

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MARKETS	
DOLLAR	STERLING
New York lunchtime DM 2.26 FFr 5.7775 SwFr 2.3945 Y241	New York lunchtime \$1,3225 London: \$1,3225 (1.5275) DM 3.7825 (3.7825) FFr 11.62 (11.635) SwFr 3.1475 (3.1528) Y218.5 (318.5)
London: DM 2.86 (2.8545) FFr 5.7775 (5.785) SwFr 2.3935 (2.374) Y241 (240.45)	Trade weighted 78.5 (78.7) LONDON MONEY
Trade weighted 135.9 (135.3) Tokyo close Y240.7	3-month interbank: mid rate 10½% (10½) 3-month eligible bills: buying rate 10½% (10½)
U.S. LUNCHTIME RATES	STOCK INDICES
Fed Funds 11¼%	FT Ind Ord 638.3 (+4.2)
3-month Treasury Bills: 10.24%	FT All Share 508.65 (+1.53%)
Long Bond: 10½%	FT-SE 100 1,078.0 (+2.4)
Yield: 12.45%	FT-A long gilt yield index: High coupon 10.55 (10.49)
GOLD	New York lunchtime: DJ Ind Av 1,212.23 (+3.09)
New York: Comex August latest \$351.7	Tokyo: Nikkei Dow 10,449.45 (+31.24)
London: \$351.5 (\$352.25)	
Chief price changes yesterday, Back Page	

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OVERSEAS NEWS

Michelin seeks FF4bn loan from French banks

BY DAVID MARSH IN PARIS

MICHELIN, the leading French private-sector tyre company which is making large workforce cuts after recent heavy losses, has started talks with French banks on raising a FF4bn (544m) loan to put its finances on a sounder footing.

The loan to be raised from a group of nationalised banks at a preferential interest rate, will have the effect of consolidating into longer-term debts some of the short-term borrowings made by Michelin to finance more than FF2.6bn in losses over the past two years.

The French Treasury, which takes a key interest in financing French industrial restructuring, is participating in talks between Michelin and the banks, bankers said yesterday.

Reagan widens lead

BY JOHN ELLIOTT IN HYDERABAD

POLITICIAN'S support of the new administration in the southern Indian state of Andhra Pradesh will be "bought" with gifts of 500,000 to 1,000,000 during the coming months, according to local opposition party leaders as violent protest flared up in the state.

Unrest worsens in Andhra Pradesh

BY JOHN ELLIOTT IN HYDERABAD

BOTH houses of parliament in New Delhi are to debate the Andhra Pradesh events next week. This concession was wrested by funding opposition members yesterday, when they refused to allow normal business unless they were permitted to discuss the dismissal of the Chief Minister of the state.

Each house had to be adjourned three times by the chairman as opposition members snarled demanded a debate. At one stage, Congress Party and opposition members nearly came to blows in the well of the lower house. All opposition parties attacked Mrs Indira Gandhi, the Prime Minister, for the "unconstitutional" dismissal of Mr Rama Rao.

Now the money will come into the state treasury as they try to swing the assembly votes. The figures likely to be offered are five lakhs of rupees (Rs 500,000 or 53,000) to 15 lakhs, said Mrs Rama Rao, a former Congress I activist and New Delhi MP.

Such bribes are not uncommon in Indian politics, where ruling parties are often set up and removed from power with bribes, alongside the normal political process. But Mrs Indira Gandhi, the Prime Minister in Delhi, and her Congress I Party which is at the centre of the coup against Mr N. T. Rama Rao, is provoking criticism for the methods used. This could rebound against her in the general election of January.

Row looms over interferon patent

BY DAVID FISHLICK, SCIENCE EDITOR

A BATTLE is looming over the patent rights to interferon, which is made by genetic engineering and has proved successful in combating some cancers and viral diseases, as a result of a European Patent Office decision this week.

It took effect from August 25, but can still be contested over the next nine months. Hoffman-La Roche, the multinational Basle-based drugs company, which is backing the claims of a Californian biotechnology research company, Genentech, to the invention, seems certain to challenge the decision.

Schering Plough, of the U.S., Biogen's exclusive licensee for alpha interferon, is expected to launch the drug under the brand-name Intron within a few months. Although it has proved disappointing in the treatment of all but a few rare forms of cancer, the commercial product is expected to have a brisk sale among medical research workers in attempts to combat a wide variety of viral illnesses.

El Salvador in World Court plea

El Salvador has asked the World Court for permission to intervene in the case brought by Nicaragua against the U.S. in which it protested at U.S. military activities in Nicaragua, the court said yesterday.

Delhi seeks to extend its rule of Punjab

BY K. K. SHARMA IN NEW DELHI

THE INDIAN Government yesterday tabled in parliament a controversial Bill to amend the constitution, so as to extend the rule of Punjab for another year after October 5.

The government in Delhi has announced that the Bill to extend central rule for another year will apply only to the Punjab and the constitutional amendment would not be used as a precedent, or in the case of other states.

The opposition in Delhi had announced its intention to oppose introduction of the constitutional amendment. But all opposition members had walked out in protest against the dismissal of Mr N. T. Rama Rao as chief minister of Andhra Pradesh on Thursday, and the government had no difficulty in presenting the Bill to the House in their absence.

Madrid stands firm on ETA extradition

By David White in Madrid

THE MADRID Government's determination to keep up its campaign for extradition of ETA terrorists from France, which has sparked off fresh tension in both Spanish and French Basque regions, was reaffirmed yesterday by Sr Alfonso Guerra, deputy prime minister.

Italy to release hundreds of suspected criminals

BY ALAN FRIEDMAN IN MILAN

HUNDREDS of suspected criminals in Italy are to be released from preventive custody within the next few days as a result of a law which came into effect yesterday, reducing the period of their detention.

Sig Bruno Tasson Din, the former managing director of the troubled Rizzoli publishing group, Sig Tasson Din is suspected of fraudulent bankruptcy in connection with the collapse of Banco Ambrosiano. In addition, a group of prisoners suspected of having ties to the terrorist Red Brigades could also be freed during the next six months.

Democracy 'weakened'

Costa Rican President Luis Alberto Monge yesterday accused his parliament of weakening the country's democracy, in a broadcast address to announce four Cabinet changes after a mass resignation last week.

Hawke reinstates 'bear' minister

BY COLIN CHAPMAN IN SYDNEY

MR MICK YOUNG was last night cleared of any impropriety and restored to the Hawke Cabinet one month after he was forced to stand down because of Customs irregularities.

Investigator, Mr Michael Bihack, QC. The inquiry was ordered after it was revealed that Mr Young had made a false Customs declaration after returning from an official trip to London, failing to disclose details of goods carried back on behalf of his wife, who was on a longer holiday trip in Europe.

description was one of the items Mrs Young had packed in her husband's baggage. At the time Mr Hawke decided to take no action against Mr Young, but four days later ordered the inquiry as a result of "new information" coming to the attention of the Government, said reading the Prime Minister's statement.

Brazilian oil output slowed by ocean fire

By Andrew Whitely in Rio de Janeiro

BRAZIL'S rapidly growing oil production programme, which contributes greatly to reducing its import bill and so helps the balance of payments, has been set back by a fire on its most productive offshore platform.

Swedish industry sets record

BY DAVID BROWN IN STOCKHOLM

SWEDEN'S industrial production has set a record, according to Statistics Sweden. Output for the first six months stood two percentage points above the country's last peak production period in mid-1974.

Kurds attack police posts

BY DAVID BARCHARD IN ANKARA

TURKISH TROOPS were said by the Government yesterday to be engaged in a wide-scale operation to capture Kurdish extremists who launched at least two separate attacks on police outposts on Tuesday in the east of the country.

Jaffna bomb blast

BY DAVID BARCHARD IN ANKARA

A bomb blast at a bank in the Sri Lanka town of Jaffna late on Thursday night shattered two days of calm in the Tamil-dominated north of the island, official sources said yesterday.

Truce for Colombia

BY DAVID BARCHARD IN ANKARA

Two left-wing guerrilla groups will sign a truce with the Colombian Government in the next week, a guerrilla spokesman said after ceasefire talks ended Monday, Reuter reports from Bogota.

Uruguay nomination renounced

BY MARTIN ANDERSEN IN BUENOS AIRES

SR WILSON Ferreira Aldunate, the Uruguayan opposition leader, has relinquished from his jail cell his party's presidential nomination for the first elections to be held in Uruguay for 15 years.

He resumed his post as special Minister of State, which makes him the leader of Government business in the House of Representatives. Prime Minister Bob Hawke reinstated him after reading the report of the special

investigation, Mr Michael Bihack, QC. The inquiry was ordered after it was revealed that Mr Young had made a false Customs declaration after returning from an official trip to London, failing to disclose details of goods carried back on behalf of his wife, who was on a longer holiday trip in Europe.

Ecuador pursues new finance

BY MARTIN ANDERSEN IN BUENOS AIRES

QUITO — Ecuador has begun talks with the International Monetary Fund on a new financing agreement, as part of moves to reschedule its foreign debt, which totals \$6.68bn (25bn), Sr Francisco Sueti, Finance Minister in the newly-constituted administration, said.

Bank of Scotland BASE RATE Bank of Scotland announces that, with effect from 20th August, 1984, its Base Rate will be decreased from 11% per annum to 10 1/2% per annum. LONDON, BIRMINGHAM, BRISTOL, MANCHESTER, NEWCASTLE & SOUTHAMPTON OFFICES — DEPOSITS. The rate of interest on sums lodged for a minimum period of 7 days or subject to 7 days' notice on withdrawal will be 7 1/2% per annum, also with effect from 10th August, 1984.

Tony Walker reports on the problems facing an international task force On the hunt for mystery mines in the Gulf of Suez

OUT TO SEA from the Egyptian naval base at Adabiya at the northern end of the Gulf of Suez the waters appear black and unnavigable. The best in opposition are a sleek, murky, from smoke pouring out of nearby oil refineries. Vessels standing off-shore at the entrance to the Suez Canal are barely visible through the haze.

A total of six ships have been damaged by explosions in the Gulf of Suez since the mines were started early last month. The first was a Soviet Union ship which suffered minor damage on July 2. The next explosion was on July 27, which slightly damaged a Japanese ship. The following day four ships were hit. One, Panamanian registered, was seriously crippled.

Most experts agree that the laying of the mines in clusters at the northern and southern ends of the Gulf of Suez in water about 60 metres deep and in the Bab El Mandeb waterway linking the Red Sea and the Indian Ocean is a sophisticated operation which could not have been carried out by a terrorist group without the backing of a state.

The uncertainty caused by the mines in the Gulf of Suez and Red Sea is worrying the Egyptians, who rely on revenues of about \$1,000m (£75m) from ships transiting the Suez Canal each year. Officials in the Suez Canal Authority say the mysterious explosions have reduced traffic which is down anyway, because of the "tanker-war" in the Gulf, by as much as 10 per cent.

The assistance of U.S. mine warfare experts, have been scouring the Gulf of Suez for several weeks with only limited success. An Egyptian minesweeper detonated a mine on Thursday in the Gulf of Suez. The last reported incident in the Gulf of Suez involving a merchant vessel was on July 25, but explosions have been occurring in the Bab El Mandeb waterway at the entrance to the Red Sea. A Cypriot ship suffered minor damage when it hit a mine off North Yemen on Wednesday.

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Insults and £1m prize boasts fly in Fleet Street

BY SUE CAMERON

INSULTS and boasts of £1m cheques were swirling round Fleet Street last night as Britain's top papers mobilised for an all-house circulation war.

Mr Robert Maxwell, the proprietor of Mirror Group Newspapers, told a Press conference yesterday morning that he is spending between £5m and £6m in an effort to boost sales. The key to the campaign will be an easier-than-bingo game with prizes of £1m.

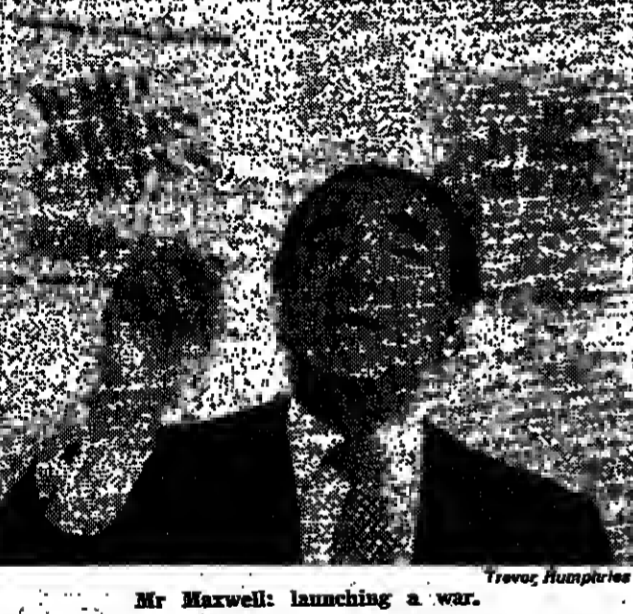
The game is called Who Dares Wins, but competitors need not be put off by the title. Neither daring nor intellect is required to play.

Would-be millionaires merely have to see if the numbers on their cards match those printed in the Daily Mirror, Sunday Mirror, Sunday People, Daily Record and Sunday Mail. Readers whose numbers come up simply have to telephone MGN before 6 pm and ask Mr Maxwell to fill in their names on a £1m cheque.

A total of 25m cards have been printed and are now with the Post Office waiting to be delivered to nearly every household in the land within the next 10 days. Mr Maxwell is guaranteeing that there will be a £1m winner "within weeks not months." He is proud of the fact that the game has been devised and the cards printed within 14 days.

"Why should anyone play bingo, which is hard work with all that writing in with pencils and so on?" he mused. "The Sun is offering £80,000 in prizes for its bingo—but what's that compared with £1m? Postage stamp money."

The Sun, owned by Mr Rupert Murdoch, proved difficult to reach yesterday. When eventually the phone was answered, a harassed switchboard operator explained: "We've got new bingo cards coming out next week and everyone is ringing up with queries. It means so much to them."



Mr Maxwell: launching a war.

First UK-made compact disc players launched

BY JASON CRISP

THE FIRST compact disc players made in the UK have been launched by two specialist hi-fi companies based in Cambridge.

They face powerful competition from Japanese electronics giants like Sony, Hitachi and Technics, as well as from Philips of the Netherlands.

Mission Electronics, which makes loudspeakers, conventional record decks and amplifiers, yesterday launched a compact disc player costing £399. However, Boothroyd-Stuart Meridian began deliveries to the trade three weeks ago.

Compact disc digital audio systems are eventually expected to replace conventional records. Based on Philips's LaserVision technology, a small laser reads billions of minute "pits" on a single-sided 5 inch disc which can play for some hours—and costs about £10.

The discs were launched in the UK about 18 months ago by Philips and the main Japanese groups. After initial enthusiasm, the market has been very slow. Philips estimates that about 19,000 players were delivered to the trade last year in the UK and expects it to rise to 35,000 this year.

British manufacturers have shown limited interest in the new product. Nimbus Records, a small specialist company in Wales, has become the first company to press the discs in Britain. Deliveries start in the next few weeks from its new £2m plant.

Both Meridian's and Mission's players are based on the Philips model, but claim improved sound quality. Generally, however, there has been considerable controversy about the merits of the compact disc system.

Mission, which exports 75 per cent of sales, hopes to sell 10,000 players in the first year.

Dublin sees RUC as unacceptable to Catholics

By Brendan Keenan, Dublin Correspondent

IRISH Government ministers now believe that the Royal Ulster Constabulary has no hope of being accepted by the Roman Catholic community in the north.

They feel that without radical restructuring there is no role for the force in any new political arrangements.

These views have emerged from a review of policy towards Northern Ireland after last Sunday's disturbances when a man was killed by a police plastic bullet.

They represented a marked change in attitude. Previously there had been a belief that Sir John Hermon, the Chief Constable, was making the force more acceptable. Dublin now believes that the credibility of both the RUC and Sir John have been irretrievably damaged by the weekend's events.

"This may make it more difficult to reach any Anglo-Irish agreement on a security arrangements in Ulster. Dublin will now be looking for more sweeping changes than anything the British Government has so far contemplated.

The British Government is understood to have rejected a demand from the Irish Government for an independent inquiry into the trouble.

Dublin has not said publicly what it wants the British Government to do but it now appears that Mr Peter Barry, the Irish Foreign Minister, sought an independent inquiry and disciplinary action against any RUC officers found to have misbehaved.

The British Government sees no need for an independent inquiry. Mr Michael McAtamney, the RUC's Deputy Chief Constable, is conducting an inquiry into Sunday's events and interviewing journalists who were present.

Sinn Fein, which organised the rally at which the violence took place, has refused to cooperate with the inquiry.

Liberals to press for one party

By Margaret van Hattem, Political Correspondent

LIBERAL PARTY pressure for a formal merger with the Social Democratic Party is likely to dominate conferences for both the Alliance parties next month as a result of a new Liberal policy document.

The paper, A Strategy for the Liberal Party, says that the strains of operating as an Alliance are reducing the campaigning effectiveness of the two parties. It concludes that the two must either part company, and prepare to compete against each other in elections, or set a timetable for a total merger.

Mr Paul Tyler, Liberal Party chairman, commenting on the document on BBC Radio yesterday, said: "We can't stay as we are. What we are pointing out is that it is either a matter of convergence or divergence. Proceeding on a process of separate development along tramlines seems to us simply just not to work."

Mr Tyler is chairman of the campaign's organisations and elections committee, which drew up the report for the party's National Executive.

The leaking of details of the report is seen as an attempt by the Liberals, who have always been more interested than the SDP in a merger, to put pressure on their Alliance partners ahead of the conference season.

SDP members associated with the party's former leader, Mr Roy Jenkins, have shown more interest in the merger than those closer to Dr David Owen, the present leader, who has consistently opposed the idea.

High fliers who stay on course when the going is cheap

EVERY business traveller has his or her favourite airline and has good reasons for making such a choice. My own is just as personal but my ratings are based more on the overall quality of ground and in-flight service offered, not only to the business traveller but also to those who travel in the back end of the cabin at the much cheaper rates.

Each airline is good if you are lucky enough to sample the front or first-class end but most airlines can be uncomfortable, and some even downright unpleasant and impossible, if you can only afford the cheaper and atrociously cramped seats at the rear. Moreover, every airline, without exception, has its faults—poor telephone reception, low quality of check-in staff, indifferent ground handling, the 'couldn't-care-less' attitude when genuine complaints have to be made about nuisances, such as lost baggage, and sometimes rude, bad-tempered or merely casual in-flight service.

When those faults are added to uncomfortable seating for long hours, can be thoroughly miserable and the little touches of care and attention that cost so little to provide can make all the difference to one's feelings about a particular airline.

All those airlines in my list

Michael Donne logs his choice of preferred airlines—those treating their passengers as individuals



THE TOP TEN	
British Airways	
British Caledonian	
Cathay Pacific	
Japan Air Lines	
Lufthansa	
Pan American	
Scandinavian Airlines System	
Singapore Airlines	
Swissair	
Trans World	

(in alphabetical order)

are as reasonably good as one is likely to find—and I say that because after over two million miles in 30 years I find all of them have their little (or, occasionally, big) failings. It is when an unforeseen problem arises, such as an aircraft going unserviceable down the line, that the real quality, or lack of it, in an airline and its management can show up starkly. In my list, when I have suffered such things, the airlines involved have been good in offering at least some kind of succour.

Singapore Airlines tops my

list for a consistently high level of in-flight service. It may slip a little now and then, which is perhaps inevitable with rapid expansion, but SIA is still my preferred choice for the long-haul flight to Singapore.

Lufthansa, Swissair and Scandinavian Airlines System I list together as being consistently good on short-haul European flights, with in-flight service that is swift, food that is edible, and seating that is far and away the best for short journeys, with SAS especially so. Where I have experienced flight delays, as with the new A-310 Airbus,

these have been courteously explained, and every effort made to keep waiting passengers comfortable.

Cathay Pacific is next on my list, especially for the way it looks after passengers on the long ride to Hong Kong, and for its initiative in introducing the non-stop service on that route. Japan Air Lines, too, is excellent in the care that it offers on that long ride from London to Tokyo, although why passengers are obliged to turn out at the transit stop in Anchorage when they would prefer to remain on board

asleep is something the airline could usefully chase up with the U.S. authorities.

British Airways and British Caledonian are on my list, not because they are British but because they both try hard. BA only two to three years ago, would not have appeared, but under its new management it has pulled itself up by a long way, and does now appear to take more notice of its passengers' feelings.

BCal also works very hard, never forgetting that the customer has a choice, and it has a big advantage in having Gatwick as its base, by far the best of the London area airports for comfort, cleanliness and convenience.

For the transatlantic, Pan American and Trans World are both good for business travel, especially TWA with its spacious seating, concourage, and I have found both amenable in accommodating a travelling grant with a massive frame such as myself.

All of my ten satisfy my own particularly severe requirements. Some do it marginally better than others, but nevertheless all do recognise that as a passenger I am an individual, and not a mere object to be shovelled about to return for my money.

Acid plant plan by BP Chemicals

By Nick Gamett, Northern Correspondent

BP CHEMICALS is to build an acetic acid plant likely to raise its output capacity by 40 per cent and which would confirm its position as Europe's biggest producer of the material.

A site has not been chosen but Saltend in north Yorkshire and Antwerp in Belgium appear to be the front runners.

Yesterday the company said acetyl-acetic acid and chemical made from it—were a principal part of its future product strategy.

Acetic acid has the same basic chemical structure as vinegar. It is used as a basic material in many industrial processes including plastics-making, man-made fibre production, pharmaceuticals and photographic film.

The company's sole acetic acid production site is Saltend. This includes a single plant using a Monsanto process with a 150,000-tonnes annual capacity and older plant which can produce up to 200,000 tonnes. The older plant, however, is often used to produce other materials.

The new plant would employ about 140 full-time staff and up to 800 during construction. It is likely to add 150,000 tonnes to capacity and to cost about £100m.

The plant's siting could be influenced by changes due to take effect this year in the Government's grant aid system. Under these changes high-cost but relatively low poll-producing projects such as chemical installations would receive less grant aid than under the previous scheme.

Antwerp is one of several BP Chemical sites in Europe. It has market and transport advantages.

Conoco plans airfield gas well

BY DOMINIC LAWSON

CONOCO, the U.S. oil company, yesterday applied for planning permission to drill for gas on Dunsfold aerodrome, Surrey, a high security area used by British Aerospace to test Harrier and Hawk aircraft.

A year ago, Conoco discovered gas in the neighbouring village of Chiddingfold in what appears to be the biggest onshore gas find in the UK.

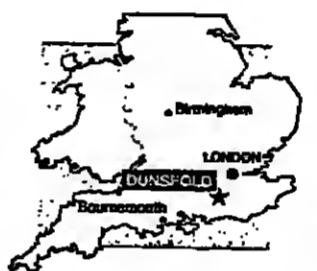
Best estimates are of reserves of 65bn cu ft of gas, enough to supply 2m families for a year.

Conoco now wants to drill a second exploration well, as it suspects that the field could extend into the Dunsfold area. If so, the field could prove to be as large as 100bn cu ft.

Conoco's plans to explore for gas in the more rural parts of the stockbroker belt have, however, come under attack from many residents worried about the disruption that may result.

By exploring on the aerodrome, which is of less concern environmentally, Conoco hopes to win planning approval from local authorities.

Mr Harry Holes, Surrey



County Council's deputy planning officer, said yesterday the application was "awkward" and he did not expect a decision before November.

However, he described the public's apprehension at Conoco's intentions as "rather misguided."

Earlier this year, the council turned down an application from Conoco to drill for oil near Guildford.

A further potential hitch for Conoco is that British Aerospace, though sensitive to the oil company's problems, has not yet given its final assent to opening up the aerodrome for gas exploration.

People Express raises single fare to U.S.

By Michael Donne, Aerospace Correspondent

PEOPLE EXPRESS, the low-fare North Atlantic airline flying between Gatwick and Newark, New Jersey, has put its single fare from the UK up from £113 to £122.

The dollar fare from the U.S. to London remains at \$159 (£120).

The change in the UK to U.S. fare is because the airline has been given approval by the Civil Aviation Authority to use a currency exchange rate of \$1.30 to the pound, against the previous rate of \$1.41 to the pound.

The airline said that its overhead costs were "overwhelmingly dollar-based, including all staff salaries. Changes in sterling fare amounts were thus necessary to prevent an erosion of revenue."

The People Express "premium" (business) class rate from Gatwick to Newark has also risen for the same reason, from £31 single to £38.

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BANK OF SCOTLAND
A FRIEND FOR LIFE

Squeeze curbs car dealers' fighting spirit

THE CAR wars so far this August have failed to match the ferocity of the past two years' sales boom.

"A great many dealers have realised they can't live on nil margins of profit for ever. So the tendency this year has been towards small pockets of fierce discounting, but market conditions are still highly competitive," Mr Michael Marshall, chief executive of Marshalls of Cambridge, a major BL dealer, said yesterday.

And Mr Roger Hoare, managing director of Ford dealers Harold Perry, agreed: "It is much less cut-throat than at this time last year."

However, both dealers added a warning: "Sales continue to fall well below those of 1983 and below manufacturers' expectations. Total warfare could break out again with deep discounting of the kind seen in the past two years."

The traditional peak sales month shows none of its normal frenzy, says Kenneth Gooding

In the first 10 days of August, car registrations were down more than 16 per cent on the same period last year at 188,374 against 225,134.

Mr Hoare said he expected total August sales to reach little more than 300,000 compared with the record 374,59 of 1983. July registrations were the second lowest for any month since the mid-1980s.

In spite of this year's downturn, the cut-price war has been comparatively quiet. The principal reason is that Ford, the market leader, is running a relatively modest dealer incentive campaign this August compared with last August. "There are not such large sums at stake as last year," Mr Hoare said.

Meanwhile, relying on evidence collected by consumers' organisations in West Germany, France and the U.S., the National Consumer Council, a government-sponsored organisation, claims today that British motorists are paying "over-the-top" car prices.

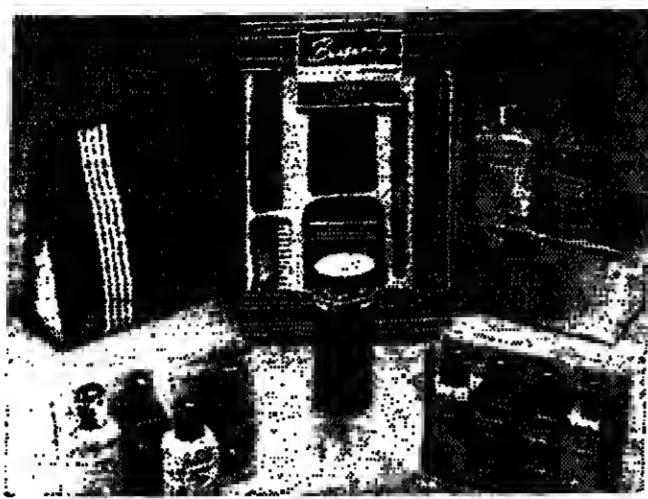
The council calls on the Government to support European Commission proposals designed to limit variations in car prices between Common Market countries to no more than 12 per cent net of tax and duty.

However, UK Government opposition to this idea has already led the European Commission to water down its proposals.

UK NEWS

Jeanne Reid looks at the fortunes of the make-up companies
Cosmetics put on a healthy face

THERE IS more to the cosmetic industry these days than simply putting on a pretty face. The latest products on the market make promises... to "repair," "plump" and even "feed your face."



Marks and Spencer's men's range to be launched in September.

Last year saw the first real growth in Britain's cosmetics and toiletries market since the early 1970s. Figures are hard to come by in a business where secrecy is considered vital to survival, but market experts claim sales grew by about 8 per cent to an estimated £1.4bn.

we forgot our bread and butter lines for a few years." Max Factor is primarily involved in the make-up market, where consumer brand-loyalty is generally much weaker than in the skin care and fragrance markets.

ing strategies. Mr Roger Shelley, vice president of corporate affairs at Revlon said: "We didn't spend enough money in the late 1970s on new product development and advertising, but that trend is being reversed."

LABOUR

Labour's rising fear of split over strike

By Margaret van Hettem, Political Correspondent

LABOUR PARTY anxieties that splits in the labour movement over the miners' strike will dominate the TUC and Labour Party conferences in September and October is mounting as the prospect of an early settlement recedes.

Colliery buses likely to be key test in North-east

BY DAVID GOODHART, LABOUR STAFF

THE decision by the North-Eastern area of the National Coal Board to restart its colliery bus service on Monday will be a key test of what to do has been the most secure area of all for the National Union of Mineworkers.

He said: "Only by providing this bus service can we find out whether the silent majority are going to start voting with their feet."

NCB stands by pit work claims

BY JOHN LLOYD, INDUSTRIAL EDITOR

Yesterday renewed its claim that the drift back to work was "gathering momentum" after a week which saw the first badtime cracks in the solidarity of the Yorkshiremen, and a rise to more than 100 in the numbers of miners working in Scotland.

miners—Mr Brian Green, and an unnamed companion—from entering for the day. In fact, the two men did go in later in a hired van, but stayed for only two hours.

Investment group backs pension portability

BY ERIC SHORT

SUPPORT for the Government's proposals on personal pensions has been given by the Framlington Group, a leading unit trust and investment management group.

their own pension arrangements. In its latest client circular, Framlington welcomes the two key recommendations that personal pensions should be available to all employees and that personal pensions will be contracted-out of the state scheme.

has serious reservations over some important aspects. In particular Framlington considers that the appeal of personal pensions schemes must remain in doubt if employers are not compelled to contribute to employees' personal pensions.

The circular also points out that the tax position has been left vague, and there is no mention of commutation and lump-sum benefits.

Liverpool docks agreement likely

BY BRIAN GROOM, LABOUR STAFF

SHOP STEWARDS yesterday approved a two-year pay and productivity deal for the 2,100 registered dockers in the Port of Liverpool.

Milk industry workers to fight for jobs

By our Labour Staff

WORKERS at Dairy Crest Creameries have voted by more than two to one to take strike action if EEC milk quotas result in compulsory redundancies.

Union leaders believe further cuts will follow and there have been reports that another 1,500 jobs are at risk. Creamery workers have never before been asked to contemplate national industrial action.

APPOINTMENTS

Asda Stores finance director

Mr Ian C. Laurie will become finance director of ASDA STORES at the end of October. He will replace Mr John Hardman who has recently been appointed managing director.

responsibility for maintaining the company's professional standards. He will also continue in his role as manager of Thomson Laboratories' Manchester office.

ment, Mr Shayer was a director responsible for non-foods purchasing and quality control at Tesco Stores.

Mr John Trussler has been appointed joint managing director of KYLE STEWART. He succeeds Mr S. H. Anderson who retires at the end of this month.

R & J. BRVANT & SONS (ALLOA) has re-organised its operating structure with Mr Reg Goode as managing director with particular responsibility for world wide sales.

Mr Thomas J. Monk has been appointed company secretary of GROUP LOTUS CAR COMPANIES.

Mr Rex Chester has been appointed executive director of TRITRADE. He is chief executive of the Donald Macpherson Group.

THOMSON LABORATORIES has appointed Mrs Stephen Bailey as its main board. He becomes technical director with special

EUROPEAN COURTESY MAGAZINES GROUP has appointed Mr Peter Ransome as chairman. Mr Ransome is financial and administration director of Reed International's consumer publishing group.

Mr David Droy has joined the TOOTAL GROUP from ICI as chief executive of the group's non-wovens division. Lantor International. He is also chairman of Lantor UK, the British operating company in the non-wovens division.

Mr Peter Holmes-Johnson group treasurer and Mr Trevor Duncombe group financial controller. Mr Holmes-Johnson was group financial manager of Berger, Jensen & Nicholson. Mr Duncombe was formerly with JCL.

Mr Gareth Hughes has been appointed managing director of the KENCO COFFEE CO succeeding Peter Paterson who retires at the end of September. Since 1980 Mr Hughes has occupied a central Cadbury Systems role, including heading the industrial cleaning systems operation for the company's household division.

Council staff face call for strike

BY DAVID BRINDLE, LABOUR STAFF

LOCAL government white-collar workers will be urged to call selective strikes in an effort to win an improvement in a 4.5 per cent pay offer.

Talks on police pay rise adjourned

TALKS ON the pay of British 140,000 police were adjourned further yesterday until Aug 28 with both sides still locked over a 4.8 per cent offer.

The Police Federation refused to accept the offer because of a dispute over retention of the index-linked machinery.

UK CONVERTIBLE STOCK 18/8/84

Table with columns: Name and description, Size (£m), Current price, Conversion date, Flat yield, Red yield, Premium, Curr, Rangt, Equi Conv, Div, Curr, Last

SAVINGS OFFERS

Advertisement for savings offers from Chartershouse Establishment Trust and Abbey National Building Society, including interest rates and terms.

Bae sit-in at Filton ended by police without violence

BY OUR LABOUR STAFF

THE SIT-IN by British Aerospace workers at Filton, Bristol, was ended peacefully by police yesterday, but the occupation leaders warned they might try to re-enter the plant.

BASE LENDING RATES

Table listing various banks and their base lending rates, including A.B.N. Bank, Allied Irish Bank, Anglo Bank, etc.

Advertisement for 3i Term Deposits, offering interest rates of 12 1/2% and 12% for various terms.

Handwritten signature or scribble at the bottom center of the page.

سوق الاسواق

THE WEEK IN THE MARKETS

The rumour mill grinds on

All the factors that frame investment sentiment have been... LONDON ONLOOKER

corporate cannibalism which serves to underscore the possibilities of even the most outlandish chitchat.

The cumulative effect of this latest attempt to iron out the recent dip in the interest rate trend was as potent as the home team's batting at the Oval.

Standard Telephones and Cables has finally won ICL over with this convergence concept.

MARKET HIGHLIGHTS OF THE WEEK

Table with columns: Price, Change, 1984 High, 1984 Low. Rows include FT. Ind. Ord. Index, A.E. Electronic, Akroyd & Smithers, BSR Intl, Burmah Oil, Chubb, Clark (Matthew), Davy Corp, Hill Samuel, Imstock-Johnsen, Impala Platinum, Incoft, Kilgour, Meekathara Minerals, Mercury Securities, Mumford & White, NatWest Bank (Nil-pd), Petrol, Resnor, Rivlin (LD. & S.).

per cent of Brooke Bond at 117p and will knock Tate and Lyle's £300m bid out of the water.

STC hooks ICL Last year, the bid buzzword was "contiguity" which meant that the bidder could see some similarity between its own and its target's operations even if they did not overlap.

The first stish worth £360m was rejected as "totally inadequate" and all the rest of the City's stock lexicon of rebuttal so the search then followed for ICL's "white knight".

moment that Mr Roh Wilmot, ICL's managing director, was discovered one day sitting in STC's front lobby, it was obvious that the two sides would at least talk to one another rather than merely spar spitefully.

The cash alternative of 90p applies to only half the offer this time, however, and only two thirds of that alternative has been underwritten.

C. & W. on the line

The shape of the competition to British Telecom once the telephone colossus is privatised this year and some form of collaboration between the two may yet take place.

Composite trough

The interim results from General Accident and Royal Insurance this week confirmed fears generated last week by Commercial Union's interim results that the UK general insurance industry is going through its worst ever period as regards operational profitability.

Pause for breath

NEW YORK WILLIAM HALL

AFTER the explosive rally of the previous three weeks, which has seen the Dow Jones industrial average put on more than 150 points, U.S. shares have been consolidating their gains this week.

ral sales in the bond market, in the absence of a significant drop in short term interest rates, must be still arguing that it is wise to be fully invested in both bonds and equities currently.

Trading volume, which had averaged 143m shares a day in the previous fortnight, slowed to more normal levels. While dealers took stock of the run-up in share prices, generally, the underlying tone remained firm with analysts still predicting that the Dow Jones industrial average will break through its all-time high of 1,287.2.

This time round long term U.S. Government bonds are yielding around 12 1/2 per cent while inflation is running at 4 1/2 per cent.

The realists have only to point to the current situation in Canada to bolster their fears of the U.S. This time last year Canadian operations were showing underwriting losses of £2.5m for Royal and near break-even for GA after years of massive losses.

After the rapid run-up in share prices in recent weeks, Wall Street was re-assessing individual sectors this week.

With all the preoccupation with North America, the fact that the UK account has been steadily deteriorating tends to be overlooked.

Both cited a slowdown in consumer spending and pressure on margins for their disappointing performance.

The major problem for all three composites is the U.S. going through its deepest and longest downturn in the insurance cycle.

U.S. bond prices moved erratically last week, as the credit markets marked time after their rally which began at the end of May when long-term U.S. Government bond yields were nudging 14 per cent.

Personal lines in the U.S. have not been too bad, thanks to the absence of any real severe weather in 1984.

However, Thursday's announcement of the U.S. Treasury's plans to attract foreign investors into government paper gave a fillip to the credit markets and by the end of the day the log bond had recouped most of its losses and at 100 5/8 was yielding 12.48 per cent.

Two answers to one question

FROM time to time I put the question to my mining friends: "If you were to hit on a good prospect today, what mineral would you most like it to contain?"

MINING KENNETH MARSTON Queen Margaret Gold at Bellevue and many others. Australia is enjoying, if that is the right word, a gold prospecting boom and a good many fingers are being crossed in Kalgoorlie in the hope that the Federal budget, due next week, will let gold mining there keep its tax-free status.

only major source of platinum group metals are South Africa's famous Merensky reef area which is mined by Rustenburg Platinum Holdings, Impala Platinum Holdings and the Learo group's smaller Western Platinum operation, and in Canada where Inco mines the metal along with nickel.

It is not just a question of low copper prices—the South African mining operations remain profitable—but of the adverse effects of the weakness of the South African rand, a weakness which would be exacerbated in the event of strike action at the gold mines.

Nickel also had its day but, as with copper, excess production capacity and low metal prices have put it out of fashion with the mining funders, for the time being at least.

Meanwhile, a visiting Australian prospector, who appeared to have his toes crossed as well, answered my "what would you like to find?" question this week with an unhesitating: "Gold, of course."

As with Rustenburg, the results for the year to June 30 of Impala have been good. Net profits for the year have jumped 46 per cent to R133.5m (£56m) and shareholders are given a bigger-than-expected final dividend of 100 cents (49p) to make a total for the year of 135 cents against 85 cents for the previous 10-month period.

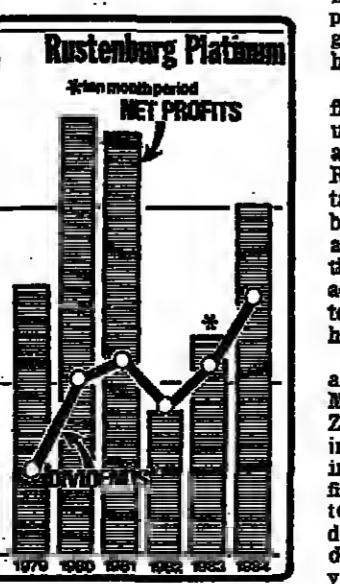
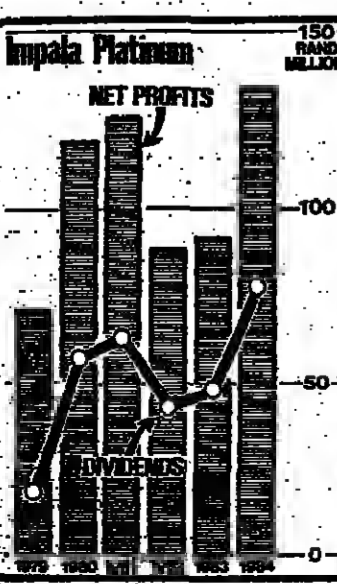
At the same time South Africa's interest rates have been climbing—they are now up to 25 per cent—and credit restrictions have been imposed.

The same can be said with regard to platinum and tin. Even diamonds, once the pinnacle of prospecting ambitions are not sought after quite so eagerly as before, partly because there is a more easily findable commodity in fashion these days—gold.

"Might be an idea to do a bit more drilling, especially now that Australia is going over to lead-free petrol. From next year all new cars there will have to use this clean fuel and they will be fitted with the platinum catalytic exhaust clean-up devices that are already on cars in the U.S. and Japan."

On present indications, both companies are heading for a further rise in earnings in the current year. Opinions are divided on which will make the better showing. Rustenburg has rebuilt its cash position to the point at which it may be more liberal with dividend payments, but Impala has the edge at the moment with a higher dividend yield.

What makes the shares interesting is that they give the holder the right to own 20% worth of either nickel or copper on the basis of metal prices of U.S.\$2.90 per lb for nickel and U.S. 80 cents per lb for copper.



It is thought that the NUM, flexing its muscles as a young union, may go ahead and call a strike now that Mr Cyril Ramaphosa, the general secretary, has described the chamber's wage offer as unacceptable.

Principal shareholders in Botswana are Anglo American Corporation of South Africa, Amex of the U.S. and the Botswana Government. If operations are to continue BCL will require a further commitment to provide funding next year.

Co-op Bank announces a change in base rate from 11.00% to 10.50% p.a. On and after Tuesday 21st August 1984. Deposit rates will become 7 days notice 7.25% p.a. 1 month's notice 8.00% p.a. High Interest Investment Accounts range from 9.00% to 10.25% p.a. depending on amount and term (minimum £500 and 6 months).

National Westminster Bank PLC NatWest announces that with effect from Monday, 20th August, 1984, its Base Rate is decreased from 11% to 10 1/2% per annum. The basic Deposit and Savings Account rates are decreased from 8% to 7 1/2% per annum. 41 Lothbury, London EC2P 2BP

TSB BANK Base Rate With effect from the close of business on Friday 17th August, 1984 and until further notice TSB Base Rate will be 10 1/2% p.a. Trustee Savings Banks Central Board, PO Box 33, 25 Milk Street, London EC2V 8LU.

Coutts & Co. announce that their Base Rate is decreased from 11% to 10 1/2% per annum with effect from the 20th August 1984 until further notice. The Deposit Rate on monies subject to seven days' notice of withdrawal is decreased from 8% to 7 1/2% per annum.

YOUR SAVINGS AND INVESTMENTS

VAT and the ghillies

I am one of the eight proprietors of salmon fishing rights on a Scottish river. By far the largest proprietor is a company that also owns the estate and abutting and stalking rights. The allocation between the proprietors of costs for payment of ghillies salary and expenses, replacement of fishing huts, etc, has been reached amicably. The company initially pays the whole cost because, for instance, that part of the ghillies salary and expenses relating to the shooting and stalking is the responsibility of the company alone.

VAT, however, has been added by the company to what I regard as simply reimbursement of costs between co-proprietors. The company feels that it is providing a service and that VAT is applicable. Could you let me know whether, in your opinion, VAT is, or is not, payable in these circumstances?

We regret we cannot advise with certainty without seeing the documents covering your rights as proprietor and those under which the largest proprietor makes charges. If the company is making payments on behalf of itself and the other proprietors we do not see how VAT can be added to amounts charged out unless VAT has been suffered by the company on particular expenses. On the other hand the company may be providing the service of looking after the fishing rights by replacing fishing huts and providing the services of a ghillie to your fellow proprietors. In this case VAT would be chargeable on the whole of the expenses including the ghillies' wages.

Restrictive covenants

My house is nearly 100 years old. In good condition and in a well established made up road with all services.

Next door the county council owns an estate with a large house about 90 years old, used as a day nursery, with about five acres of woodland and kitchen garden (very much overgrown and an excellent bird sanctuary) right next to my garden.

The council is proposing to sell the kitchen garden part for building but first to construct a full service road 11 metres wide down beside the length of my house and garden (about 136 feet) to allow flats to be built.

Could I possibly be compelled to pay road charges?

FINANCE AND THE FAMILY

BY OUR LEGAL STAFF

Is it possible to find out about any covenants in the deeds as local people tell me that the previous owner of the estate sold it on the condition that there should be no further building on the estate and that it should always be used as a children's day nursery. I want it to stay as it is.

We think not. There is no sure way to discover restrictive covenants. You can ask the county council—but they need not tell you. If you can find out who is supposed to have sold the land to the original borough council you could try to trace that person.

Embarrassing windows

Five years ago we moved into the present property and soon found that the adjoining property had an extension with its edge along our boundary line. The actual date of building is unknown but is believed to be around 20 years ago. The extension has windows along most of its length opening outwards. There is also guttering in poor repair overhanging our property so when we have heavy rain we have to be careful nothing is left underneath. The windows which open are not shown as such on the original plans submitted to the local planning department.

1—Do we have any legal right in objecting to the windows being opened since they often cause embarrassment when working in their vicinity?

2—Are we obliged to allow access for any repair of the wall?

3—Can we attach anything to the wall such as a trellis for a climbing plant?

4—Are we legally bound not to restrict their light?

1—We think that you would have difficulty in supporting an objection to the opening of the windows. If they are more than 20 years old you cannot in law object. If they are not yet that old you are likely to be subject to an equitable estoppel which would prevent you from relying on the legal right to refuse to let them be opened.

2—Not unless access has been allowed over the last 20 years.

3—As the wall appears not to belong to you, you cannot affix a trellis to it without committing a trespass.

4—Not if the windows are less than 20 years old. If they are 20 years old or more you cannot restrict the light coming to the windows in such a way as to deprive the owner of reasonable amenity. If you are near, but under, the 20 year limit it might be wise to register an obstruction under the Rights of Light Act 1959.

Ireland-UK tax agreement

My wife retired from work in April 1984. She is in receipt of a State Pension and of a private pension. I shall retire in July 1985, and be entitled to a State Pension and a private one.

We intend to sell our house here which is our own property, and to live in the Irish Republic, where my wife has inherited a property. This will be our home so it will not provide income. My wife is an Irish citizen. I hold British citizenship but because I was born in Belfast I can claim Irish citizenship under the Republic's constitution.

In a local reference library, you should find a copy of the Ireland-UK double taxation agreement (as amended by the protocol of October 28, 1976) in, for example, volume 5 of the British Tax Encyclopedia or volume F of Simons's Taxes. A new looseleaf book of double taxation agreements is to be published shortly—Butterworth Tax Treaties—but you probably will not find it on your library shelves for some time yet.

Trespassing structure

I live in a semi-detached house and raised no objections to my neighbours' single-storey ground-floor extension at the rear of the house, the wall of the extension has been built virtually up to the boundary line, to within 2 inches in fact—the extension is now almost completed outside, although not yet habitable.

The problem I now perceive is that at the top of the new wall the roof of the extension overlaps the wall by about 6 inches, which means of course that it overhangs my patio by about 4 inches—this aspect did not become apparent until the roofing was added after the wall had been completed.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

Can you advise me as to what action if any to take to protect my (and any other future owners of my house) interests should I wish for example to build a similar extension? Would I be permitted to build similarly up to the boundary, and if so, what could be done about the 4-inch overhang—could I insist on its removal back to the boundary?

To practice I would expect friendly co-operation from my neighbour, and I envisage us reaching a satisfactory agreement, not if this proved not to be the case then naturally I would not wish to lose my right to all my available land, ie, right up to the boundary line, for building purposes, on account of my neighbour's extension. If this could be avoided by any action now.

Technically you are entitled to insist on the removal of the trespassing structure—the 4 inch overhang. In practice you should seek to resolve the position by entering into a written agreement with your neighbour by which you license the invasion of your airspace until such time as you may wish to build or erect a fence or other structure on the boundary line.

Covenants from abroad

I have been employed in Swaziland for some years, but my wife and children still reside in England. I have a pension from the P.M.G. which is paid into my UK bank account less tax. It is £5,000 p.a. gross, tax is deducted of about 25 per cent. As my two eldest boys are at college, I thought I might draft covenants to them equal to the single pensions allowance. As I am non-resident, shall I pay these gross, or less tax?

Provided that you explain the position to the solicitor who prepares the deeds for you, he or she should be able to ensure that the covenanted annuities fall within case III of schedule D (and hence within section 52 (1) of the Income and Corporation Taxes Act 1970), as opposed to case IV. That being so, you will pay the annuities under deduction of 30 per cent UK tax; the rate of PAYE tax withheld from your pension (by virtue of article 17 of the Swaziland-UK double taxation agreement) will rise correspondingly.

Charging your way into debt



SUMMER HAS an unpleasant way of making the gap between pay-cheques seem alarmingly large. With the prospect of three weeks in the Mediterranean it can be reassuring to pat your wallet and feel your stack of credit cards.

But before you do so, take a good look at the rate of interest you will pay. "Plastic friends" are convenient, easy to obtain and seem perfect when you need cash immediately. But the interest rates they charge after allowing for inflation are higher than ever before.

The initial attraction of some credit cards is that you don't have to pay to get one. A reference from your bank will suffice. Once your application is accepted you will be given a spending limit that is determined by such factors as your income, and your debts.

Spending limits can vary from a few hundred pounds to a thousand, and may be revised up or down. For a minimum payment, each month, calculated as a percentage of your outstanding balance, you can make purchases and—without Barclaycard and Access—withdraw cash from machine outlets or from the bank behind the card.

The 2 per cent monthly rate of interest charged by Barclaycard and Access appears modest. But the true rate of interest you will be paying on an annual basis, the Annual Percentage Rate (APR), is more daunting. The APR is calculated using a standard formula designed to make it easier for the consumer to make comparisons between different lenders.

Access recently raised its APR to 26.5 per cent for both purchases and cash withdrawals. The banks participating in the Access scheme are National Westminster, Midland, Lloyds, Royal Bank of Scotland and Williams & Glyn's, Bank of Ireland and Northern and Ulster Banks.

The rate charged on Access accounts varies slightly from bank to bank. But although you may pay a different rate depending on where you hold your account, any anomalies are unlikely to persist for more than a few weeks.

Access charges the same rate on cash advances as it does on purchases. But the Barclaycard rate for purchases, 26.5 per cent from September 1, will be lower than its rate for cash advances, which is to rise to 27.2 per cent. The current rates on Barclaycard are an APR of 23.1 per cent for purchases and 23.6 per cent for cash advances.

Despite an easing in base rate, the credit card companies say they do not like to change the APR they charge too frequently. The new Barclaycard rate is set to come into effect as planned before the last fortnight's fall in base rates.

Barclaycard also offers customers earning at least

Dina Thomson shows how credit cards can add up to expensive borrowing

£20,000 a "Premier" card similar to the American Express Gold card. The Premier card costs an initial payment of £10 and a £40 annual fee (which is reduced to £35 if you pay by standing order), while the American Express Gold Card costs an initial £20 with an annual payment of £50 as well. American Express Gold card holders apparently have an average income of £34,000 a year—officially they must earn at least £20,000. But an exception is made for some young professionals. If you are a "yuppy" do not be surprised if you receive an invitation in the post to become a gold card holder.

Unlike Barclaycard, purchases made with American Express have to be paid for at the end of each monthly billing period. However, the major advantage of being an American Express Gold card holder is that it provides an immediate overdraft facility of £7,500 at an interest rate of 2½ per cent above the base rate of your selected bank. The Barclaycard Premier card offers a similar facility.



An overdraft facility at 2½ per cent over base rates compares very favourably with an agreed overdraft at the four major clearing banks, which offer overdrafts at a rate between 3-5 per cent above base rates, depending on individual needs and circumstances.

To negotiate an overdraft, it helps to be on good terms with your bank manager, while the loan can theoretically be called in at any time.

Even a "non-agreed" overdraft, while not recommended, may be worth incurring for a few months. The bank will charge a lower rate than you would pay if you took several hundred pounds out on cash advance with Barclaycard.

One clearing bank suggests that typically a non-agreed overdraft would mean that you would be charged interest on your overdrawn account at 7 or 8 per cent above base rates. Alternatively, if you need a set amount of money and know how much you are going to need in advance, there are always personal loans.

National Westminster charges an APR of 21.8 per cent for one year on its personal loans. The rate goes down if the repayment period is longer. The other major clearing banks charge marginally less, but all the rates involve an APR of at least 20 per cent.

Those consumers who have exhausted their bank manager's patience and are creeping up

to the limit on their credit cards, may be tempted to take advantage of the cards offered at their favourite department stores.

A glance at the APRs should be a deterrent. Selfridges charges 29.5 per cent, John Lewis 21.8, Austin Reed 23.01, Harrods 25.3 and Boots 23.01.

If you want to use charge cards at department stores to avoid paying by cheque with each purchase and can pay the entire sum upon being billed, these cards still make sense.

Many stores do not start levying a service charge immediately—Selfridges shows 25 days from the date of the monthly statement for payment and if the entire balance outstanding is paid off, no service charge is levied. John Lewis and Austin Reed do not add a service charge for a calendar month after purchase.

Credit cards at individual stores are an even more expensive way of borrowing money, as they become popular with some of the smaller retail shops.

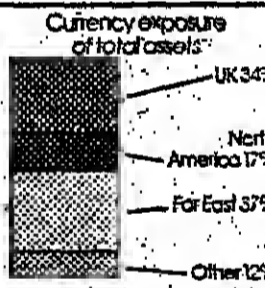
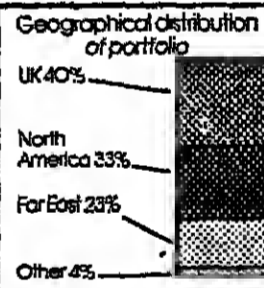
Next, the clothing store for women which aims primarily at the 25-35 age group, has a charge card with an APR of 28.3 per cent. That is only if you pay by banker's order. The alternative, to use a payment book, will cost you no less than 38.4 per cent.

Next week: Assessing the true cost of borrowing.

The Foreign and Colonial Investment Trust PLC

HALF-YEAR HIGHLIGHTS

TOTAL ASSETS ————— £443m



15 LARGEST HOLDINGS

Company	Market value £000
BTR	4,675
B.A.T. Industries	7,612
Matsushita Electric Industries	7,302
Shell Transport & Trading	6,250
Ranger Oil	5,877
London & Scottish Marine Oil	5,758
General Electric	5,501
Fleming (Robert) Holdings	4,987
Fonuc	4,808
Hitachi	4,721
Property Holding & Investment Trust	4,683
British Petroleum	4,500
Computer & Systems Engineering	4,455
Magnaf & Southems	4,387
Schlumberger	4,263
Total	£30,827

20.6% of total portfolio

To Michael Hart, Foreign & Colonial Management Group, 11 Laurence Pountney Hill, London EC4R 0BA, Tel. 01-623 4680.

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Foreign & Colonial
MANAGEMENT GROUP

De Brett emerges fitter and leaner

IS THE worst over for Andre de Brett? Few companies can have had a more unhappy time on the USM than this Wembley-based supplier of outside clothes. It has seen its share price plunge from a May 1983 high of 80p to a low of 12p earlier this month, since when it has struggled back to 16p, where the company is valued at £1.3m, just two-thirds of historic net assets.

Everything looked dandy for the mail order house when it arrived on the USM in 1982, after three years of break-neck profit growth. There were few competitors, and despite the efforts of its future USM colleagues Pineapple Dance Studios and The Body Shop in the health business, its market appeared to be putting on weight.

Receding profits

But like many USM companies, de Brett soon found that the wave which brought it to the market began to recede, and so did its profits. In the week to March, the group swung from a £368,000 pre-tax profit to a £90,000 loss on a 15 per cent increase in sales to £5.8m.

The arrival of some formidable competitors in the outside clothing trade, like Great Universal Stores (GUS), the dominant mail order group, put margins under severe pressure. De Brett found it hard to compete against GUS's high speed telephone ordering system and hefty promotional spending, although the USM group does still claim to be the market leader in outside mail order clothing in the UK.

Diversification

The costs of that expansion, plus another diversification into menswear drove up borrowings steeply, so that interest charges climbed last year from £15,000 to £240,000.

"Perhaps we went too fast too soon. Basic decisions were taken for the wrong reasons at the wrong time because of a lack of financial information," says Ralph Williams, the new finance director, who was recruited in April from Dons Surgical to help engineer de Brett's recovery. The loss-making Swedish



venture is being closed and Williams says de Brett will not be opening any more shops for the time being. He is now running a fine toothcomb through the overheads, and the group is seeking cheaper Far Eastern contractors.

The current treatment, which might have been easier for de Brett's shareholders to swallow had it been applied before it came to the USM, appears to be working, and the group is trading profitably again.

"Two years ago, we were a one-product company, just in the ladies' clothing mail order business, and therefore we wanted to spread our risks," says Williams. "Now we are more diversified, and I hope and believe that the worst is over." Williams is making no promises for the current year. Everything hinges on the success of the re-ramped summer catalogue, which will shortly be in the hands of 500,000 well-developed housewives.

By William Dawkins

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YOUR SAVINGS AND INVESTMENTS

LIFE ASSURANCE

Actuaries rebel against sales hype

THERE YOU are sitting on your sofa with a sympathetic young insurance salesman who has charmed his way past your front door.

The two of you have just been through a list of all your major expenses and decided how much will be left to set aside.

Then out comes a glossy leaflet, containing several colorful graphs with thick black lines heading steeply towards the ceiling in the corner of your lounge.

"We've worked out that you're able to save £80 a month, that's more or less £1,000 a year," the salesman says chirpily, reaching for a table of figures.

That means when you cash in your policy after 10 years you could expect to receive a sum of £19,871 free of all taxes. Look there's the figure. It's been calculated by our actuary."

Salesmen like to bring in the actuary at this point, just when you are about to ask how they can be sure that in 10 years you'll get £19,871 and not £19,872—let alone just £9,872.

The opinion of an actuary is rather difficult to challenge unless you can get your mind round discounted cash-flows, time-weighted returns and auto-correlations. Reputedly, actuaries have a higher average IQ than members of any other profession.

Some also believe that they have had more influence on the distribution of wealth than all the recent generations of politicians. Behind the doors of the largest financial institutions and away from the public gaze, it is the actuaries who effectively decide everything from which occupational pensioners can be paid annual increases in line with inflation, to how the multi-billion pound surplus of an insurance company fund should be shared out between present and future generations.

In recent months, however, a fascinating light has been shed on the workings of this secretive world by a dispute which should encourage the public to ask more questions about the projections of their insurance brokers.

Clive Wolman explains why projections can be misleading

weeks ago when Stewart Lyon, a director of Legal and General, gave his parting speech as president of the Institute of Actuaries. In what amounted to an unprecedented attack on the practices of his colleagues in the insurance industry, Lyon warned of "disappointment and disillusion" if the investment performance of insurance company funds fails to match promises.

Even more serious, Lyon said, was the danger that such practices could spread to the sale of personal pension plans if and when employees are permitted by the Government to switch out of their company schemes.

In recent years, insurance companies have been able to declare exceptionally high bonuses for their clients, a consequence of the upsurge in the

value of their investment funds over the last 10 years (at least before inflation is taken into account).

This has enhanced the sales appeal of with-profits endowment policies, despite the removal of tax relief in the Budget in March. As a way of paying off a mortgage, they have achieved record popularity in the last 18 months.

But actuaries are sceptical as to whether the investment conditions of the last decade will be repeated over the next decade. There have been rapidly rising stock markets since the slump of 1973-74 and historically high interest rates, which in turn were the result of high inflation from 1975 to 1982 and of the large U.S. Government budget deficit since then. Also today's policy-holders are benefiting from the caution of the actuaries 10 years ago who were reluctant to pay out large bonuses in an uncertain investment climate.

In an interview this week, Lyon estimated that for the present rate of bonuses to be maintained, an insurance company would have to achieve an investment return of 16 to 20 per cent per year.

"Many of the illustrations are pie in the sky," he said. "One is making projections of returns which have never been achieved over a long period."

"For the time being companies are riding out the lower rates of inflation and interest," he said. "But they cannot go on riding them forever. Nobody

wants to be the first to cut bonus rates."

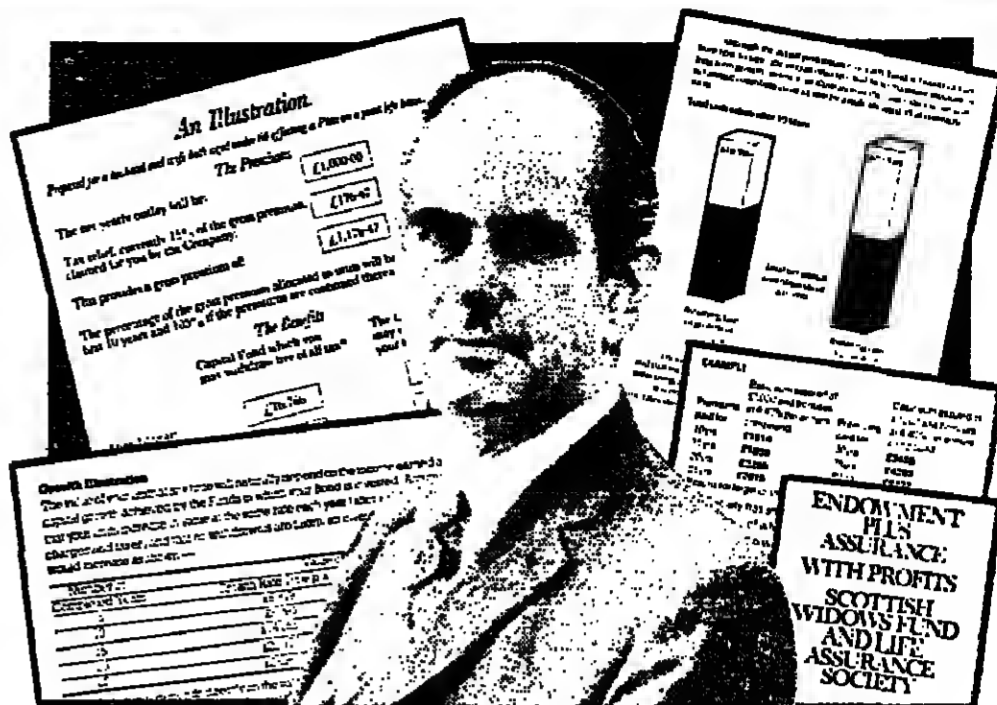
Other actuaries have been more critical than Lyon, although not usually in public. According to Bill Proudfoot, the chief general manager of the Scottish Amicable Life Assurance Society: "In recent years, the illustrations of what you will get in 10 years' time have become more and more nonsensical. To illustrate on today's bonus rates is criminal."

Both Proudfoot and Lyon are urging the insurance industry to adopt a code of practice for salesmen which would prevent the use of projections based on the most recent bonus record. Instead, the projections for both pensions and insurance contracts would just state what your final pay-out would be assuming say, a 7 per cent annual return, a 10 per cent return and a 12 per cent return.

In other words, the customers could decide what was a reasonable assumption about investment returns, as they do when considering unlinked insurance contracts.

But the actuaries will still have to continue making their assumptions about investment returns when deciding to whom to give, and from whom to take away, on behalf of insurance and pension funds. Shouldn't their (inevitably subjective) assumptions be exposed to public view and discussion as well?

The actuarial profession has been very reluctant to have the discretion of its members hindered," says Lyon. "But in this age you have to accept constraints on the freedom of a profession in the public interest. This is why we have been giving more guidance on standards."



Stewart Lyon warns: Watch for pie in the sky

Check past form for likely future profits

TO CHOOSE the insurance company likely to give you the best pay-out, you should ignore their projections and look at their past record. A comparison of with-profits endowment policies published in the Economist on August 4 shows that the best returns on 10-year policies have been achieved by Scottish Amicable, Refuge, Ecclesiastical, Standard Life and Equitable Life.

For 25-year policies and 15-year policies (with death occurring after 10 years), the

same five life offices appear, together with Clerical Medical and Norwich Union.

The lowest pay-outs on 10-year policies were recorded by Phoenix, Sentinel, Gresham, Provident Life and Cornhill.

If you want to work out how much a projected pay-out is really worth, you need to take account of the inflation rate which is implicitly assumed in the projection. The projections which have been based on recent bonus records are

assuming, very roughly an average inflation rate of at least 12 to 13 per cent, over the length of the policy.

Such inflation would have a devastating effect on what you will be able to buy with your policy proceeds when they arrive.

To give an example, the real (inflation-adjusted) value of a £20,000 pay-out, assuming 13 per cent inflation, is after 10 years, £5,882 and after 25 years, £942.

CHILDREN'S SAVINGS

Piggy bank market

AS THE beginning of the new school year looms, banks and building societies are lining up to make another assault on the young savers market. Midland Bank, which launched its Griffin Savers Account this week, has stepped up the battle by offering a higher interest rate as well as free gifts.

With a minimum deposit of only £10, children between the ages of seven and 16 can open an account which will pay them 2 percentage points above the ordinary deposit account rate provided they keep the money there for six months.

At present rates this means a return of 10 per cent gross. This is not far short of the 10.92 per cent which their parents would earn if they opened a high-interest cheque account. But they need £2,000 to open such an account and would have to keep the balance above that level.

research shows that children do prefer hard cash.

So its Future Key account offers children financial incentives to save. Children receive the basic share rate currently, 7.75 per cent net, on the account but are paid bonuses of £2.50 when their balances reach £50, £100, £250 and £500. If she or he opens an account with £100 and keeps it for a full year the total return would be as much as 13.28 per cent net.

So far the Leeds Permanent Building Society and the Anglia are the only other major societies which pay a higher interest to attract young savers. The Young Leader account pays a full percentage point above the ordinary share rate on balances of up to £500 while the Anglia pays a 1/2 per cent above the basic share rate on its new Top Saver account but tops this up with a further half a per cent bonus each birthday giving a total of 9 per cent a year.

Only the Leeds, however, treats children as totally serious investors, offering no free gimmicks. The Yorkshire, throws in a space-shuttle badge, whilst the Anglia offers rather more—note pad and pen as well as foreign coins with a new pack every time a further £5 is saved, up to a maximum of 15 coins.

If young savers are really interested in getting the best return on their money then either one of these three societies or Midland Bank are clearly the best bet.

The other clearing banks pay only the normal deposit rate, relying on gifts, to woo the young.

Margaret Hughes

BANK/BUILDING SOC.	ACCOUNT	INTEREST RATE	GIFTS
Anglia	Top Saver	8.5% net plus 0.5% birthday bonus	wallet with note, pad, pen foreign coins competitors with prizes from W H Smith
Leeds	Young Leader	8.75% net	—
Midland Bank	Griffin Savers	10% gross	sports bag, geometry set, Oxford Dictionary, badge, clip board with pen, magazine, birthday card
Yorkshire	Future Key	7.75% net plus cash bonuses	badge

PENSIONS

Topping up contributions

Eric Short continues his series

THE GENERAL theme of the Government's proposed personal pension scheme is to give employees a choice and a personal involvement in their pension arrangements in the future.

At first sight it would appear that there is neither choice nor personal involvement under the existing framework for the estimated 7m employees in company pension schemes. In most of these schemes, membership is a condition of employment. The employee has no choice but to join and have his or her contributions, in a contributory scheme, deducted at source.

Apparently this offers very little choice or personal involvement. But there is some opportunity open to employees on top of the existing rigid set-up.

The Inland Revenue allows employees to make additional

contributions on top of any paid into the company scheme, known as Additional Voluntary Contributions (AVCs). The AVC facility does offer employees some scope for individuality but it is a complex procedure.

First of all, the trust deed of the pension scheme must allow the trustees to accept these extra contributions. The individual must take the initiative in making them.

Second, the responsibility for investing these extra contributions rests with the trustees as part of their overall responsibility for investment of pension contributions and assets.

The trustees need to identify, on an individual basis, the AVCs paid into the scheme. For this reason, most trustees prefer to "invest" the extra contributions outside the main scheme in a separate AVC arrangement.

Building societies, in addition to life companies, are permitted to market AVC pension schemes. The Unit Trust movement believes that unit trust management groups should be allowed to manage AVC pension schemes, even under the present set-up.

Continued next week

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On the 22nd June 1984 the Amstrad Charter said: "Wall Street is within an inch of its life and is the cheapest market in the world." Between August 1st and the 9th, Wall Street soared no less than 110 points. Just 2 years on, 7th August 1982, we similarly witnessed the start of the original U.S. rise from 784; that time the market rose a record 28 points in a single session, just 10 days later. This was NOT pure chance. Check our chart the way for you too, in fact in our view no-one should invest without at least some knowledge of them.

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P.S. You'll also learn our view on the UK market, that's pretty controversial. But it should be sound.

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NO FIXED TERM

You can invest your money for as long as you like.

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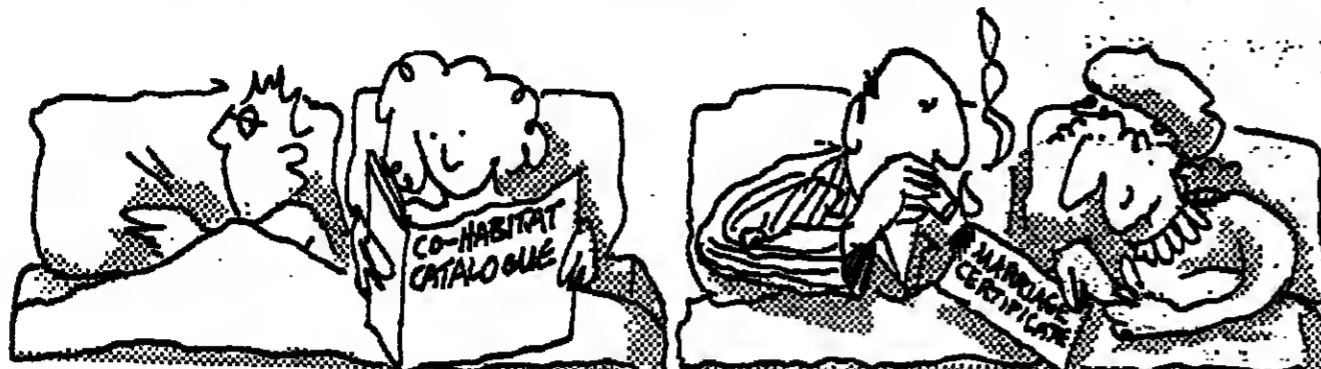
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YOUR SAVINGS AND INVESTMENTS

TRAVEL



Richard and Portia
(A) Couple, married, 2 children, joint mortgage £50,000. 1984/85 rates.

	Husband	Wife	Total
Salary	20,000	1,000	
Investment income	3,000	6,500	
Total	23,000	7,500	30,500
Less mortgage interest	3,600		3,600
Total	19,400	7,500	26,900
Less personal allowances	3,185	1,000	4,185
Total	16,215	6,500	22,715
Tax payable at 30%			4,420
Tax payable at 40%			1,120
Tax payable at 45%			2,045
Total tax			7,585

Harold and Sybil
(C) Couple married. Husband aged 69 retired. Wife aged 65 working. 1984/85 rates.

	Husband	Wife	Total
Company pension	4,500		
State pension	2,884		
Investment income	1,000	2,300	
Total	8,384	2,300	10,684
Less personal allowances	2,135	1,135	3,270
Age allowance			1,120
Total	6,249	1,165	7,414
Tax at 30%			2,227
Total tax			2,227

(B) Richard and Portia, (As A) but not married
1984/85 rates

	Men	Women	Total
Salary	20,000	1,000	
Investment income (gross)	3,000	6,500	
Total	23,000	7,500	30,500
Less mortgage interest	3,600	3,400	7,000
Total	19,400	4,100	23,500
Less personal allowances	2,675	1,000	3,675
Additional personal allowance	1,150	1,150	2,300
Total	16,575	3,150	19,725
Tax payable at 30%			4,620
Total tax			4,620

Harold and Sybil (D) As (C) but not married
1984/85 rates

	Men	Women	Total
Company pension	4,500		
State pension	1,822		
Investment income (G)	1,000	2,300	
Total	7,322	2,300	9,622
Less age allowance	2,490	2,490	4,980
Personal allowances			1,447
Total	4,832	1,810	6,642
Tax at 30%			1,993
Total tax			1,993

When togetherness doesn't pay

MARRYING FOR money may have as much appeal as ever, but few people realise that it can be remarkably attractive to get unmarried for money—the money of the taxman.

Sir John Arnold, the President of the family division of the High Court, recently rescinded the divorce decrees of three couples who had continued living together. In one case it became apparent that the divorce application was motivated partly by tax considerations.

A growing number of people have noticed that the UK tax system rewards a bizarre form of family life hardly in accord with the Prime Minister's enthusiasm for traditional Victorian values.

This is how you can make the most out of the benefits and penalties of the tax system:

- Get married and stay married for as long as you are childless and not too wealthy. Start thinking again once you and your spouse start earning jointly more than about £20,000 a year, or take a mortgage of more than about £35,000, or start receiving a large amount of investment income.
- As soon as you have had two children, get divorced.
- When your retirement age, consider re-marrying, particularly if you are wealthy or if only one partner is entitled to a state pension.

Nobody in the Inland Revenue, the Treasury or Parliament has come up with any rational explanation for this system of incentives and deterrents. Income tax was developed on the assumption that a married woman was dependent on her husband and would stay married to him—and if she was fortunate enough to have any income of her own it would be taxed as her husband's.

The anomalies arise from the attempt to make a 180-year-old system appear a little more enlightened and non-discriminatory between the sexes—but only by grafting on a few marginal reforms, rather than changing the basis.

The most attractive perk that goes with marriage is the married man's allowance (women need not indeed cannot). In the present tax year, this exempts the first £3,155 of his income from tax.

£1,150 more than would be exempt if he were unmarried. However, tables A and B prepared by accountants Robert Rhodes illustrate how small this benefit can seem alongside the burdens of marriage. The circumstances of the couple in question, Richard and Portia, whose marriage was discussed in these pages in April, highlight the burden.

The first point to note is that Portia is permitted to use up her allowance of £2,005 (which is the same as that of a single person) only against her earned income. In case A, £1,005 of her allowance goes to waste. If however, she were single, she could have made use of that remaining allowance by offsetting it against her investment income.

Even a woman with small earnings who is not blessed with Portia's wealth can use up her allowance by bringing

be made against Richard. So he would be unable to claim tax relief on payments for the maintenance of his children. However, possibly the same result could be achieved if Portia obtained an affiliation order against him as the father of her children.

Portia's investment income casts a further shadow over her marriage. Unlike her earned income, this cannot be taxed separately but must be added on to the income of Richard. As Richard is a higher rate taxpayer, the investment income is taxed at a rate of 40 and 45 per cent.

If Portia has been single, it would have been taxed at a rate of only 30 per cent. Richard, if he trusted her enough, could then have made her further gifts of his wealth, the income from which would thereafter be taxed at the lower rate.

The heaviest cost of marriage became apparent to Richard and Portia when they first went house-hunting. It was almost enough to make them cancel the wedding. They discovered that once they were married, they would be entitled to tax relief only on the first £30,000 of the mortgage. However, if they bought the house as unmarried partners, they would each be entitled to £30,000 tax relief.

All these costs applied even before Richard and Portia had their two children. But the disadvantages of being married with children are even greater. If the couple were unmarried or divorced, they could each claim a single parent's additional child relief, one for each child.

Clive Wolman finds some surprising things about marriage and the tax system

into play another device, the covenant. Her unmarried partner should make a covenant to her and claim basic rate (30 per cent) tax relief on it.

Thus at a net cost of £700, he can provide his partner with an extra £1,000 of income. She would normally be taxed on this amount as if it were her income. But in this case she could offset usual allowances against the amount. Such covenants cannot be used by married couples.

If Richard and Portia were to be divorced, and Richard were to make Portia a maintenance payment which has to be under court order, he would be able to claim tax relief at his top marginal rate (40 or 45 per cent) on the amount. If Richard could make further payments directly to his children under a court order, he could offset their school fees, he would obtain further tax relief.

And they would probably not pay any tax on the payments because they could use up their own £3,005 personal allowances.

If Richard and Portia had given birth to their children without ever being married, no court order of this nature could

This is worth an extra £1,150 each which would be added on to the personal allowance of £2,005 per parent.

Tables C and D refer to the situation of Portia's elderly aunt Sybil who recently met a charming retired accountant called Harold, whose wife died two years ago. They have been discussing whether they should live together without getting married or whether their union should be formalised.

Harold is well aware that, if they marry, Sybil's investment income will be added on to his for tax purposes. What is worse, the way in which the extra personal allowance, granted to people over the age of 65, is

cut back sharply once their joint income (if married) exceeds £5,100. In example C, this "age" allowance is lost completely, as their joint income is greater than £5,100.

If, however, Harold and Sybil lived together unmarried, they would both be entitled to an income of £5,100 before their separate age allowances begin to be taken.

A further consideration not apparent from the table is that Harold and Sybil each has assets of between £40,000 and £50,000, excluding their homes. They plan to supplement their income by cashing in part of their capital each year.

If married, they might face a liability to capital gains tax, as they would be jointly entitled to an exemption from CGT of only the first £5,000 of capital gains each year. If unmarried, each would have a separate exemption of £5,000 which would remove any danger of having to pay CGT.

Harold concludes from this that it would not be worth getting married, were it not for his state pension. Sybil has not worked long enough to have paid sufficient National Insurance contributions for a state pension.

However, if he has a dependent wife, Harold is entitled to a much greater state pension than if he is single. This bonus more than offsets the extra tax they would have to pay if they were married (see table).

There is a further factor which persuades Harold to ask Sybil to marry him. He expects to die several years before her and would like to leave to her part of his wealth. In particular his house which is worth more than £50,000.

If they were unmarried, this gift would use up nearly all of his £30,000 exemption from capital transfer tax. Thus, CGT would have to be paid on the rest of his estate which he intends to leave to his only child.

However, gift between married partners are exempt from CGT.

Thus in spite of warnings from Portia about the disastrous consequences of marriage, Sybil's decision is not surprising. Her husband's investments and the support his

Putting your money on No. 28

YOU'RE in good company if you've been caught hopping by the sudden rise and fall in interest rates over the last two months.

The banks, building societies and Department for National Savings have all been embarrassed twice over by the slowness of their response to changing trends.

In March and April they cut their interest rates to savers at the end of a downward trend just before the wholesale money markets signalled the start of an upward movement. Over the last few weeks they have been raising interest rates again—only to find the markets reacted by cutting theirs once more.

Last week, on the day the 28th issue of National Savings certificates went on sale offering 9 per cent tax-free, the banks cut their base rates by 1 per cent. This was swiftly followed by another 1 per cent cut last week and a third 1 per cent cut

yesterday, to a rate of 10 1/2 per cent.

All this means that both National Savings and the building societies are offering exceptionally high returns at present. The Department for National Savings earlier this week reported a rush to buy the 28th issue, which may be withdrawn at any time without notice.

The advantage of putting your money in the 28th issue rather than with the building societies is that the 28th issue guarantees you a tax-free return of nine per cent a year over the next five years regardless of what happens to interest rates elsewhere.

The building societies, by contrast, may cut their rates at any time and are expected to come under pressure to do so by the end of September or October. Thus, the interest rates of up to 8.75 per cent that they are offering to basic-rate taxpayers on their term shares (smaller

societies are offering the best deals) are not likely to survive the autumn.

Before you rush out to your post office to join the queues for the 28th issue, however, you should consider carefully the alternatives.

After all the volatility in interest rates over the last four months, you should not rule out the possibility that rates could turn around once again and rise. This might happen if the pound resumed its fall due to a cut in oil prices—an escalation in industrial disputes—or if the U.S. Government borrowing requirement was forecast to rise further.

In that situation, you would lose out if you were locked into the 28th issue for five years—and might have to cash your certificates in at a loss, as many have been doing with the 27th issue in recent weeks.

Even if you think a rise in interest rates unlikely, there

are other possibilities to consider.

Some of the Government's "silted" securities seem attractive—not the conventional gilts but the index-linked variety.

If you believe inflation is going to average about 5 per cent or more over the next four years, the Treasury 2 per cent 1989 index-linked gilt will yield a higher return than the 28th issue for all classes of taxpayer. This may also be bought at the Post Office.

Although the Treasury is forecasting that inflation will fall to about 4 per cent over the next year, most economists are sceptical. They are forecasting rates of between 5 and 7 per cent. And if inflation does increase, interest rates are likely to move in the same direction, making the 28th issue less attractive.

Clive Wolman

Arthur Sandles reports on finding that special little rural retreat

If weekends were the food of love



Rustic retreat: TBF's Swan at Lavenham charges £34.50 for dinner, bed and breakfast.

A THICK mist settled on our valley the evening bringing an unfamiliar chill after the continued long hot dry days of summer 1984 in England. It was a sharp reminder that in the not-too-distant future the leaves will be on the trees, the parish magazine will be full of talk of Harvest Festival and the Weekend Break season will be upon us in earnest.

Getting away for the weekend had an air of exclusivity not so long ago. It was the stuff of making or mending romances. These days weekend trade is what keeps the hotel business going, and many a rural retreat would be closed forever if it were not for the growing demand for off-season, short-stay escapes.

Thus finding that little retreat, or special offer, is much easier. Almost every hotel from the grand to the pub-with-rooms seems to have some sort of deal going.

In the middle of next month the bible for such escapades in England, the Let's Go booklet, will be available free from the English Tourist Board. It lists hundreds of hotels with special weekend packages, including Christmas arrangements, Scotland's Mini-breaks in Scotland has just been issued by the Scottish Tourist Board (Ravenscroft Terrace, Edinburgh) with suggestions that range from an £18 dinner/breakfast deal for two nights on the Isle of Arran to two days of yacht hire, plus dawn to dusk golf, if you want it for £92.50. Details of Welsh offerings can be had from the Welsh Tourist Board.

Most hotels have now formulated to the routine offering a complete-price, including service and VAT, for a two night stay with breakfasts and often dinner. The savings can

be dramatic. The Ritz in London, for example, was last year doing Let's Go weekends for £75, around half the official rate.

Apart from the central systems of the tourist boards, clearly the earliest starting point in any research is the hotel chains and the holiday marketing companies they have spawned.

Some of these hotel subsidiary operations offer trips to a far greater range of properties than that which falls, or used to fall within their own umbrellas. Camelot and Stardust, for example, are the brand names of a Grand Metropolitan subsidiary but the range of properties in the brochures includes those owned by other chains and in private hands. Superweek Holidays was born of the old British Transport Hotels chain but now lists more than 130 hotels.

Do not disdain the domestic package, particularly if you are planning to travel a long distance. Both the chains and the marketing companies tend to have done special deals with British Rail, sometimes offering rail tickets as part of the weekend rate.

Leaving London aside for a moment, the bulk of hotel packages run at around £25-£50 per person in a shared room with private bath/shower-room. You can pay much less if you hunt around and start thinking in terms of guest houses and pubs, or much more if your interest lies in five star bedding and Michelin dining.

In London, the prices very nearly double if you are talking about real hotels (with restaurants and international standard facilities) within the central area. Think in terms of a little over £40 for a weekend.

in a good, but basic property and something over £70 for, say, the Bristol or the Park Lane.

Most of the chains now market their holidays through travel agents, so it is well worth picking up a selection of the brochures before making a final choice. The brochures' titles convey something of image the sales teams wish to present.

While Tishhouse Foris goes for Bérgain Breaks and Prince of Wales Hotels chooses Budget Breaks, Embassy plumps for a bucolic approach with Bushaway Breaks. Ladbrooke appeals to the layabout within us all with Lazydays in Britain, and Queens Moat Jures the mob. Anchor takes the easy way out with Town and Country Classics, with Breakaways.

If you like motoring but do not wish to take your own car it is worth picking up the Swan National brochure of weekends which includes car rental and two nights' hotel accommodation.

Looking slightly further afield, almost every European city is now covered by weekend packages of some sort from the UK. Examples of prices in this field include Pegasus to Rome (three nights - £165); Thomson to Amsterdam (two nights from £99, by air) or, at the top end of the market, three nights in Vienna with the British Airways subsidiary Sovereign, for £196.

Frames Rickards does short coach holidays both in the UK and to mainland Europe. A Friday-to-Monday trip to Paris costs £98. Among its rivals is Wallace Arnold which, for example, offers three-day trips to Amsterdam for between £86 and £99 according to the time of year and the standard of coach companies. The huge

range of pick-up points offered. Wallace Arnold gets around the airport/stock/exchange problems, by offering a range of 80 pick-up centres throughout England.

All the ferry companies will be offering weekend packages this autumn and winter for both foot and car passengers. If you are a really keen sailor you can have a lengthy weekend with a five-day trip to Gothenburg (taking your car) which gives you two nights in an hotel (the much of the rest of the time is at sea) from £89 per person.

Not all the autumn and winter breaks fall into a conventional mould. There is an increasing range of activity weekends, from Hastings to music or playing golf, to learning to cook or struggling with mathematics.

The English Wanderer (13 Wellington Court, Spencers Wood, Reading) offers walking tours—two days "easy" walking in Hampshire for £43 or two days of "moderate" walking in Powys for £53; Rainbow Holidays will guide through the literary and industrial heritage of Bradford and its surrounding countryside for £49 upwards; and for a little over £30 each a family of five can rent a little cottage in Normandy for the weekend from Vacances Franceo Britanique of Cheltenham (the price includes the ferry fare).

Although there is some urgency for those who wish to book for Christmas or even next Easter, some easy-going weekenders are probably best advised to wait the month that is in-hand before the Let's Go programme is published. Then, with a full hand of leaflets and brochures, the planning can commence—a good way for a family to fill a late summer weekend perhaps.

Tramping across Lapland in wellies

BY ELAINE WILLIAMS

IT WAS Lapland at its most beguiling. The sun was dancing on snow-covered mountains, exotic flowers had emerged from winter slumber and reindeers grazed contentedly on summer pastures.

But I felt far from content. Instead of admiring the breathtaking beauty, I was breathless—wading knee-deep across a freezing and seemingly endless river. It required all the grace of a drunken high wire artist to balance body and heavy rucksack while negotiating the river's slippery stony bottom.

All the while I was mouthing the worst Swedish swearwords in my vocabulary and wishing I'd remembered good advice to "pack my wellies"—it's the last thing to consider on a summer holiday.

Lapland is certainly the place for a different summer break. August is the best month to travel, mainly because the worst terror of a walking, fishing or sack trip is unlikely to strike in August. Sweden alone boasts 100 different varieties, all ready to try the flavour of foreign blood. I, husband and two Swedish friends travelled in early July and there were few mosquitoes to plague us—instead we experienced every type of weather imaginable.

The last wilderness in Europe can best describe this area which encompasses the northern-most parts of Norway, Sweden, Finland and the USSR. A few Laplanders (about 2,000 in the Swedish part) still live following their herds of reindeer. They sell the meat to fashionable restaurants in the south and trinkets made from reindeer horns to those tourists who have the mosquitoes. But every part of the reindeer can be used for food, clothing or tools.

In July and August, reindeer move freely in the summer pastures. Like cows they are anxious business-people—hold on to come the best to fatten.

Our plan was to walk about 100 km of Sweden's oldest long distance path—the King's Way. This would take us from Abisko, through the Abisko National Park over two mountain passes ending up at the foot of Kebnekaise, Sweden's highest mountain.

The journey started in Stockholm. There, with rucksacks stuffed with freeze-dried food, mosquito repellent, tents, sleeping bags, chocolate and, most important, "Wolf's Paw" we



boarded the 5.00 pm train to Narvik, Norway. The train journey takes 18 hours, passing through endless forests and major towns on the eastern side of Sweden.

As a concession to tourists, the train stops for a few minutes at the point where it crosses the Arctic Circle. Those who wish to record their visit can buy a certificate.

We shared a six-berth sleeping compartment in a wood-paneled carriage which had been in use since the 1940s and was still in excellent condition. A small restaurant provided freshly prepared food such as salmon and the inevitable boiled potatoes.

BJ, the Swedish railway company, offers many concessions to travellers. A special card, valid for one year, can take 40 per cent off the full travel fare. Alternatively, one can fly from Stockholm's Arlanda airport to Kiruna, a large iron-ore mining town about an hour's drive from Abisko.

At Abisko, a tourist station provides beds for more than 100 people. Some families use Abisko as a base for walking around the park. We chose to start walking along the King's Way immediately. Following tradition, we signed our names in a book which hangs on the first signpost.

Walking the first part of the King's Way path is not difficult—the Swedish tourist authorities have obligingly placed wooden walkways over the very boggy patches. Further on, however, the most difficult parts to be negotiated had a distinct lack of such walking aids.

Our attempt at the open air life was to camp at convenient spots by rivers or lakes. However, it is possible to travel without tents and stay at huts en route. Most are equipped with cooking and sleeping facilities. Some, such as Silka—about 30km from Abisko— even have small shops.

Many visitors shun such human contact. It is the tranquillity and the simple struggle for survival which helps you to forget work and problems. For me, the most pressing problem was how to light my aluminium stove in a gale.

My idea of a hard day's walking is filled with many course. There is a lot to appreciate, with small furry lemmings rushing through the undergrowth and buttercups and forget-me-nots growing side by side with the more unusual Lapland plants.

Unfortunately, we had come too early in the season to pick cloudberry, which are an expensive delicacy in Scandinavia.

The journey between Abisko and Kebnekaise has much variety in landscape. It changes from the Birchwood forest, though deep glaciated but open valleys to rock strewn areas which resembled parts of the lunar landscape.

As we climbed up through the Silka pass we met snow and ice. Finally, at the top, we sheltered in a small wooden hut filled with smoke from a small log fire. There we met a few other travellers, including a Finnish family with two small children—also resting after the steep ascent.

At times like these we needed the Wolf's Paw. This is a mixture of neat vodka and lingonberries—a fruit which tastes a little like raspberries. It is a homemade brew. Only to be used in dire emergencies, a sip can give a weary traveller that extra strength to carry on a few more kilometres. (My bottle of the stuff was slightly weaker than the rest and was dubbed, rather disdainfully, "Wolf's Paw" by my fellow travellers.)

With or without the nip of the Wolf's Paw, we felt a sense of achievement when we finally reached Kebnekaise. No more fiddling about with the stove-time for a decent meal at last and a nice warm shower.

Cost of our holiday included a ferry from Harwich to Gothenburg (two persons plus cabin plus car) £340. Return train journey, including sleeping accommodation (luggish) from Stockholm (Central station) to Abisko, with 40 per cent rail discount cost about £48. More details from Swedish National Tourist Office, 3 Cork Street, London W1X 1HA, DSDF (UK), Latham House, 18 Minorities, London EC2M 1AD.

Journalist

MOTURING

PROPERTY

Plastics provide toughness

BY STUART MARSHALL

PLASTICS are replacing metal on cars at a rate that grows by the year. First it was fascias and other interior bits and pieces. The shiny steel bumper is now beginning to look old-fashioned as large plastic body shields prevent minor low-speed bumps from turning into costly panel-beating jobs.

Chrysler has gone further than most in substituting plastic body panels for those made of steel. Bonnet and tailgate of the new BX are of a plastic material so tough that an assault on the bonnet with a hammer leaves it and the paint unmarked.

Glass has been getting thinner in recent years but it is still a heavy material—it is made from sand, after all. And there is a limit to the amount of curvature that can be put into a glass component to meet styling requirements.

Moulded or vacuum-formed transparent plastic looks like becoming an attractive alternative to glass for rear windows, sunroofs, and side windows now that ways have been found of making it more abrasion-resistant.

It won't do for windscreens, of course. Mainly used in my view it should be exclusively these are made from non-shattering laminated glass. But a scratch-protected acrylic plastic could soon be pushing into an area now dominated by tempered safety glass—the kind that breaks into thousands of little pieces.

The Chevrolet Corvette I drove recently had a removable transparent top that slowed in the boot when not in use. It was made from acrylic by a U.S. subsidiary of the British Laird group. Though no lightweight, it was at least manageable whereas a one-piece glass top would have been twice as heavy. Removing and replacing it would have been a feat of strength.

The U.S. industry is looking at acrylic as a tempered glass substitute mainly to save weight (which also means fuel saving) but also because it cuts high frequency noise transmission by 20 per cent and slows down heat transfer. That means a car will keep cooler in the summer, warmer in the winter. The top



country it twists around its middle, like two pieces of meat on a kebab, maintaining stability and keeping the wheels firmly in contact with the ground. On the road, it does nearly 30 mph. Off the road, there seems nothing it cannot do, except swim or climb brick walls. It is as easy to drive as a Mini and virtually all spares are standard Unipart items, available everywhere. Mandy's phone number is 093287-3552—has already sold 1,000 kits for a Mini-engined Scamp, a Moke-like pick-up. His RTV is now in small-scale production and he hopes to be making five a week by Christmas in his picturesque barn-cum-factory. The price is £6,900 net, according to equipment.

of the Corvette was surprisingly good at filtering out the sun's heat. The U.S. plastics industry claims that hard-coated acrylics have enough abrasion resistance to allow their use now for all car glazing apart from the windscreen. It wants new testing standards to be adopted to allow it to prove the point. In any spectacle-wearer knows, plastic lenses are lighter than glass but more liable to scratch. My latest pair has plastic Varilux lenses which the makers, Essilor, had hard coated. The claim a new test machine which draws a diamond tip over the surface allowed abrasion resistance to be assessed more accurately than ever before and, in turn, made it possible for new anti-scratch coatings to be developed. If the U.S. plastics industry wants to exchange notes, Essilor are at 0454 4171000.

Enthusiasm and cash revive old mills

BY JUNE FIELD

EVEN IN decay mills possess an instant appeal: few other work buildings can equal Swallow Mill, in 14 acres with a stream running through them, near Banbury, Oxfordshire, was so dilapidated that it was considered dangerous to walk round too much.

Yet someone was enthusiastic enough to pay £65,000, well in excess of the guide price, when Colliers Bigwood and Bewlay auctioned it early this year. (The planning consent for conversion to a house.)

Many of the old mills have had the millrace diverted, and their equipment removed. Often only the heavy millstones (some weigh over a ton), left in the grounds, are a pointer to the original use. Yet however little remains of their working life, there is an indefinable ambience to these old places by the water.

Applying water power to millstones goes back to ancient Greece, when a Roman engineer Vitruvius, recorded a watermill with a vertical water-wheel, and in essentials it is not very much different from those which survive today. The Romans brought the watermill to Britain, and by the time of William the Conqueror in the 11th century mills had become a significant capital asset to be recorded in the Domesday Book.

Bransbury Mill, in 27 acres near Stockbridge by the River Dever in the Test Valley, Hampshire, still has its wheel room with underfoot waterwheel, the type driven by the impulse of water passing under it. A narrow wooden footbridge spans the mill stream where an ancient chestnut dips its arms right across the water. And the handsome five-bedroom wisteria-clad 19th century house has a timbered and galleried sitting-room with the old sack-hoist and pulley. (The hoist was used for lifting grain to the top floor, where it was stored.) A few weeks back Bransbury Mill was sold under the hammer for £42,000 by Strutt & Parker's Salisbury office.

The Waveoey breaks into three at Ellingham, near Bungay in Suffolk. One section flows under the white clapboard and brick part-Tudor, part-Victorian Gothic Mill, and miller's house; and empties into the mill pond. The place was a working grain mill until about 1964; architect and painter Chester Williams and his designer wife Lucy bought the



The Mill and Miller's House, Ellingham, Suffolk — on sale at £100,000 and £74,000

second and attic floors in 1967, and converted them to a home and studio, acquiring the rest of the building later. In the mill, where the Williams live and have their vast studio and art gallery, the living room has cast iron columns and R.S.'s introduced into the building about 1947 to take the weight of the grain. And one can sit out on the cantilevered balconies watching the awirl of the river.

The house, where old fireplaces and whole walls of Tudor brick have been uncovered, and the flooring is 1790 brick stock and cork tiles, has a special greenery-filled room, plus a garden bounded on two sides by water. Both units have splendid views across the marshes.

The conversion was carried out by Norwich architects Fielden and Mawson, with most of the finishing touches done by the Williams and their friends. They recall that they toiled solidly for 10 days, putting up shelves, sealing floors and tiling, painting walls white and metal work matt black. "We worked hard, ate and drank well, solved the world's problems and saved about £1,000 worth of labour."

Now the whole magical place is for sale through Jeremy Carlson, Savills' Norwich office, at £100,000 for the mill, which must be sold first, and £74,000 for the adjoining house. The Granary, East Bergholt, adjoins the National Trust's Flatford Mill in Suffolk, child-

hood home of John Constable, where his father was the miller. (Many of Constable's paintings featured the mill, and The Boat Builders was done from the garden of the granary.) The beautiful old Norfolk reed thatched barn with its massive timber-franca has also been converted with fair and imagination to a home with five bedrooms and two bathrooms. A two-bedroom guest annexe has been formed from a smaller barn. The old grain shoot remains in the main sitting room, as well as the miller's stepladder, which is now a bookcase. While in one of the bedrooms, some of the original jitting machinery is still there, and all the exposed beams retain their rich honey colour.

The old barge inlet has been excavated so that a tributary of the river comes to the terrace adjoining the house, producing a 150 ft river frontage to the Stour and mill race. A guide price of £185,000 is being quoted by Robin Merritt, Hampton and Sons, 6, Arlington

Street, London, SW1, and Anne Quarry, Taylor and Co., 158, High Street, Colchester. Wickhambreux Mill, near Canterbury, Kent, thought to have been built in the late-17th century, is a replacement of earlier ones on the site — a mill is mentioned in the Domesday Book. In the 18th and 19th centuries, the trade for the mill was provided from London, grain and flour arriving in boys (one-masted coasted vessels), and barges, returning by water to the City.

James Stewart, a keen conservationist and member of the Windmill and Watermill section of the Society for the Protection of Ancient Buildings, bought Wickhambreux Mill in 1981, converting it into six apartments, of which five are sold. Patrick Deane, Farquharson, Millard, 80, Castle Street, Canterbury, says they have mainly attracted young people whose job involves travelling abroad, but who need a base in Britain. He will send details

of the remaining third floor two-bedroom unit with its open-plan living-room and exposed beams, which is for sale at £43,000 for a 11½-year lease. There is also a converted iron mill at Sawbridgeworth, Hertfordshire, on an islet fronting the River Stort, with the mill stream and fishing and mooring rights. It is in the region of £180,000 through Bairdrow Eves, Harlow 442621, who can arrange weekend viewings.

Also in Dorset, on the Wiltshire border, a stone-built mill and four-bedroom house with mill pond and stream, was being offered by Carrick and Co., The Commons, Shaftesbury, for £125,000.

3 High Street, Windsor, SL4 0DE, he will send a brochure listing apartments with moorings at Riverhime, Hampton Court (£40,000 to £125,000), bungalows on Hamble Island, Shepperton, in a similar price range depending on whether they are brick or timber built, and town houses to £165,000 at Mallard Place, Strawberry Vale.

Other waterborne properties being handled by the centre include a four bedroom Tudor-style house with a min-

ster's gallery at Runnymede, with 50ft of towpath to the Thames, £160,000, and a chlet-hungarlow at Wraybury, Berkshire, with a garden down to 160ft of backwater, with access to the main stream, £175,000.

An Elizabethan-style house opposite the Royal Mews in Hampton Court Conservation Area, has views to Molesey Lock plus 200 ft street frontage, and is £225,000 for a Crown lease with the freehold available.

John James 15 Whitehorse Street 4-locks, Northshore Tel: 0482 834221

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MESSENGER MAY BAWERSTOCK. PYRFORD, SURREY (Waterloo 38 minutes). Very appealing cottage style house in quiet close. 4 beds, 2 baths, 3 recep. Well-fitted kitchen, cloaks, bike garage, gas c.h. Lovely, very private 1-acre garden. £122,000. Cobham Office Tel: (0932) 66169

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BOOKS

FDR's First Ladies

BY GEOFFREY MOORE

Mother and Daughter: The Letters of Eleanor and Anna Roosevelt

Americans, particularly Roosevelts, have their own special kind of royalty...

tion, extracting what he feels (usually wrongly) to be the key phrase of each letter...

30 days." By the time FDR had decided to run for an unprecedented third term he was too busy to play politics...



Eleanor and Anna with John Boettiger the only child of Anna's second marriage.

seemed somewhat daunting material. Without his informative "interviews"...

the greatest courage and cheerfulness Mrs Roosevelt had almost completely lost touch with him on a personal level...

most peaceful kind of holiday, and yet they can be fraught with menace (remember when Miss Marple took one?)...

Crimes

The Rembrandt Panel by Oliver Banks

Amos Hatcher, the detective in the first of what promises to be a series of adventures...

(and the whereabouts) of a unique Greek vase he becomes involved in a double murder...

South's four hearts brought the auction to a close. West cashed the Ace and King of spades...

BRIDGE

North jumped to six spades. This was followed by three passes, and West led the club King...

Discarding a heart from the table, declarer won in hand, drew trumps in one round with the Queen...

At another table West started off with the Ace of diamonds, West dealt and opened the bidding with one spade...

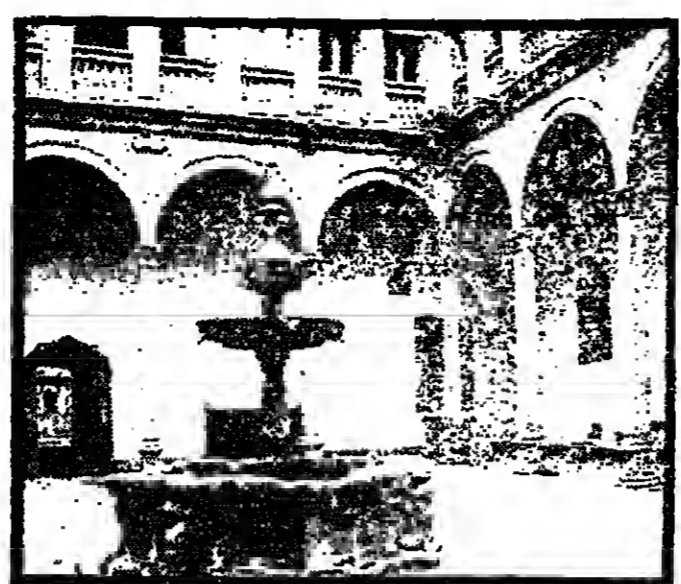
CHESS

Short took victory calmly, pointing to missed opportunities which could have given him a better result...

But not 10... NxP? 11 BxN, QxR; 12 B-N5 ch; 13 BxN, ExB; 14 NxP, Q-O...

play a brilliant exponent of ingenuity in blocked positions. He won the candidates tournament in 1982 and the world title from Borovnik a year later...

Chess problem solutions: PROBLEM No. 529, SOLUTIONS Page 12



Santiago de Compostela: the pilgrims' Renaissance hospital

Compostela's cult

BY ROBIN-LANE FOX

St James's Catapult by Richard Fletcher

The history of Christian Spain is enlivened, propelled perhaps, by an intriguing claim to the support of St James...

be parochial in the way, say, to which historians of the Labour Party or the Victorian suburb can be, and are...

Cautious leader

BY GEORGE MALCOLM THOMSON

Lord Liverpool (George Weidenfeld and Nicolson, £18.95, 265 pages)

Which British Prime Minister to be commended the guard of honour at the funeral of Robert Burns? The answer is Robert Buns...

He was dead at 55, having spent 25 years continuously in office at one level or another...



Lord Liverpool: detail from a study for 'The Trial of Queen Caroline' by G. Hayter

What kind of man was he? Nervous, emotional, pious, hard working...

George Caonin, Jenkinson's friend and tormentor, made merciless fun of his military activities...

Recited at a dinner party, the poem caused the colonel such distress that he burst into tears...

All of which may suggest that he lacked the toughness of fibre necessary for public life...

He was an MP before he was 21—in those distant days when rotten boroughs gave an early start in politics...

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Poets among animals

BY CLIVE FISHER

Bed of Stone by Valerie Gillies

I Could Not Interpret The Spring by Frances Gill

Sky-Riding by Peter Bennet

I should like one day to read Valerie Gillies' autobiography...

For one of the delights of Bed of Stone is the breadth of experience it reveals...

For this stimulus comes from snow-bound Edinburgh: a time for self-appraisal in a temporarily alien environment...

And in 'Roadgang Women', from India's infernal climate where, like television depicting drought...

Yet she is not weakened by a sterile objectivity. Many of the poems describe encounters with animals...

These poems are finely-tuned utterances of a modest, humane voice aware of life's pain yet undisturbed by historical...

Age Gill conceives as a nostalgic retrospective 'perhaps to remember, to imagine'...

Her elderly characters have no zeal, are therefore prepared to go gentle into that good night...

In Frances Gill's I Could Not Interpret The Spring the aged are an obsession...

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Fiction

Domestic hauntings

BY MARTIN SEYMOUR-SMITH

Voices in an Empty Room by Frances King

Good Daughters by Mary Hocking

The Growing Pains of Adrian Mole

The Warning Bell by Lynne Reid Banks

Francis King is well acknowledged as the leading English short story writer of his generation...

But by now it is at least sure that in this form he is writing at the height of his powers...

His ancestors—god every good writer has ancestors—are fairly obvious: James and those who have worked in the modern and yet 'coherent' tradition...

Francis King does not, as he has said in answering questions about his art, 'expect people to be have well'...

He is one of the under-estimated world champions. Apologies for an error in last week's problem which omitted a white knight at Q6...

As printed, White mates in one by 1 Q-KB8.

POSITION No. 529 BLACK (13 men)

One can scarcely pay high enough tribute to the best passages in this novel...

There is no doubt that King could manage the form triumphantly. It is therefore all the more sad that here he has dispersed the best of himself...

Voices in an Empty Room, King's nineteenth novel, deals with the generally 'Jamesian' theme of the supernatural...

These very different sorts of people turn to communication with the dead for consolation...

In certain respects, mainly perhaps as a consequence of three separate novellas, it is his most masterful, comic and moving work yet...

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Francis King

Acroyd have already noted—she is far more adept than she appears to be...

Adrian Mole seems to me—at least at this distance—to be so horrible as to defy belief...

In making it abundantly clear that it is all too true, and that all males have passed through that stage...

One of my favourite entries was a diary item purporting to have been made by the wife of Jack the Ripper...

The Warning Bell, Lynne Reid Banks' seventh novel, abandons the subject of travel...

He is one of the under-estimated world champions. Apologies for an error in last week's problem which omitted a white knight at Q6...

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هكذا صنع القوس

HOW TO SPEND IT

by Lucia van der Post

FILE FROM ABROAD

This week three more of our FT correspondents give us intimate portraits of the cities where they live and work—Edinburgh, Milan and Geneva...



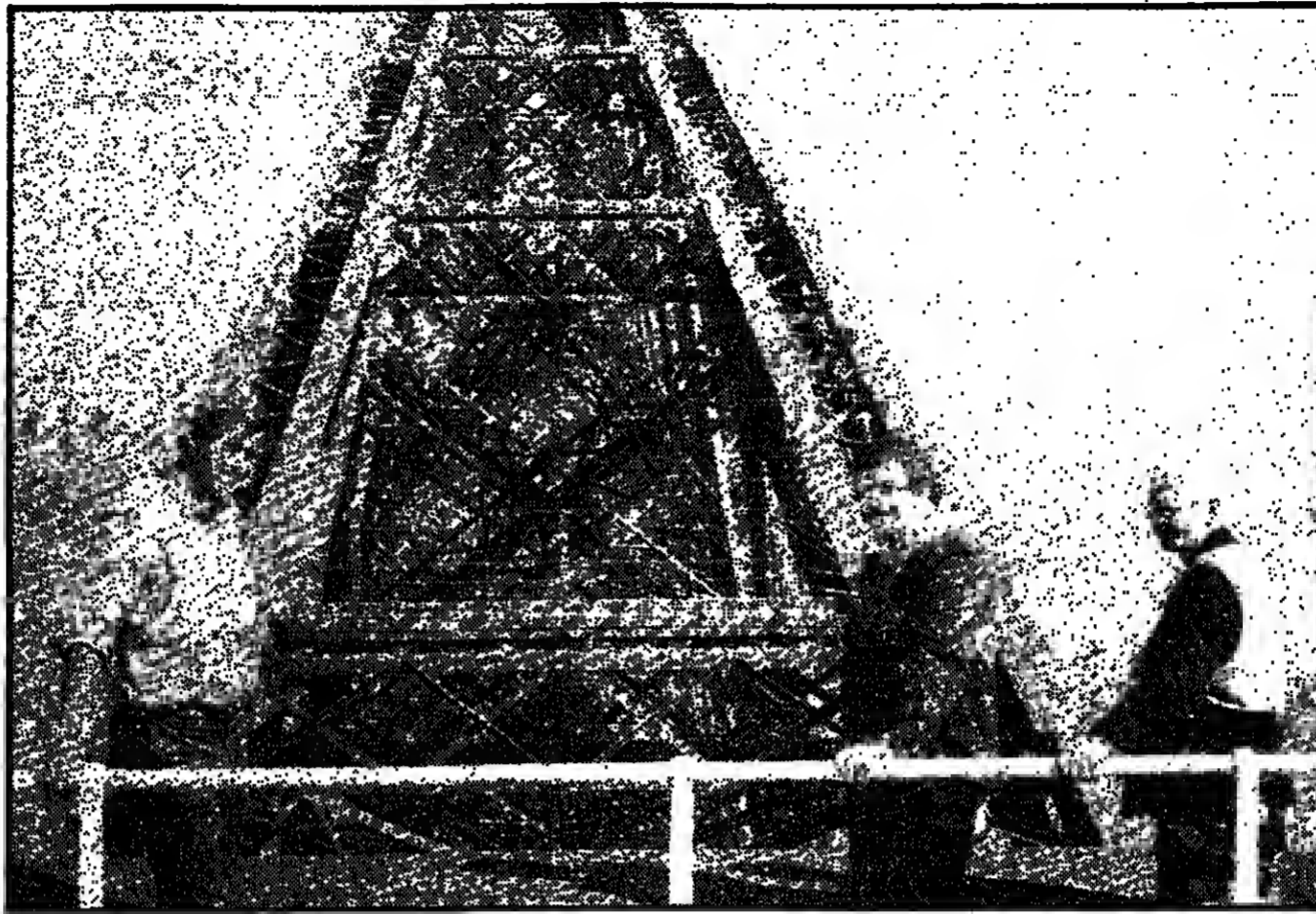
EDINBURGH

"A castle on a hill and jutting church spires and city towers below, always changing, depending on the sun, the mist and haze"

Mark Meredith

I've got a crush on the Forth rail bridge. All steel and muscle, it's 95 years old, is anything between two and 10 times stronger than it needs to be...

front to see the near tunnel of steel and rivets (an indisputable 6.5m). Or be like most people and park your car below the bridge...



any number of salad bars are around the corner. Having a castle nearby, a working castle by the way (it is a military barracks), helps shake off any feeling of the mundane...

of Scottish stores with their range of tweed down to tat and places where Americans named Wychakowsky can trace their Scottish ancestry.

Having a mid-Atlantic accent and a Welsh name has helped allay any fears that the paper has sent an uncomprehending Sassenach to Scotland...

Wholesome stuff and not so expensive at "Luckpenney" and "Hendersons" on Hanover Street...

At this point the car has to vanish somehow as there are precious few places to park it in the centre of this small city...

A castle on a hill and jutting church spires and city towers below always changing depending on the sun, the mist and haze...

Gardens which is about a mile and a half north and the spacious and well laid out new gallery of modern art in the grounds of a former school out in the west end.

of urban countryside where the city cannot be seen. This is an elegant city of grey stone and a core of bankers and Scottish Office civil servants...

Edinburgh and Heriot Watt help keep the balance. The growth of electronics industries nearby has also brought with it an influx of technocrats...

uses its home for Scottish opera, the Scottish National Orchestra and the new Burrell Collection to tweak at Edinburgh's beard.

Commercially Edinburgh is less and less Scottish. Princes Street, a marvellous setting for shops with the gardens below the castle on one side of the street, is today becoming more like any other shopping precinct in Britain.

Watering holes: nice atmosphere in the Edinburgh wine bar on Hanover Street. A pub crawl along Rose Street could leave you with either baroque music or go-go dancers to go with your pint of heavy.



MILAN

"Few things are as pleasant as a cool Bellini in the Galleria after a grimy day in the office"

Alan Friedman

MILAN, SAID a Milanese friend of mine the other day, has a certain image problem. We were sitting on the terrace of the bar "SL" in the cool shade of the grand 19th century Galleria...

As far as I am concerned, few things are as pleasant as a cool Bellini in the Galleria after a grimy day in the office writing about the latest episode in the Zaluski saga.

Milan instead, as Stendhal used to remark, is a city of liveliness and gaiety, a very European city which happens (luckily) to be located in Italy.

In August, when nearly all political and commercial life in Italy grinds to a halt, Milan becomes a ghost town. For those wishing to take full advantage of the city's rich cultural heritage...



about in their designer clothes, possibly walking their dachshund, Truzzi.

But Milan is not all elegance and chic. When I am hungry for some funk and squalor, I can go along to the Naviglio, the old canal area where there are folk and jazz clubs and even great Greek restaurants.

For me, the "Torre Di Pisa" (cash only, no charge cards) in the heart of the Brera is the place to eat. We sometimes go there twice a week.

And if you are on wheels and wish to enjoy a splendid summer evening in a beautiful garden, dining on michelin-starred fare, try the "Antica Trattoria San Bernardo" seven kilometres from the centre of Milan...

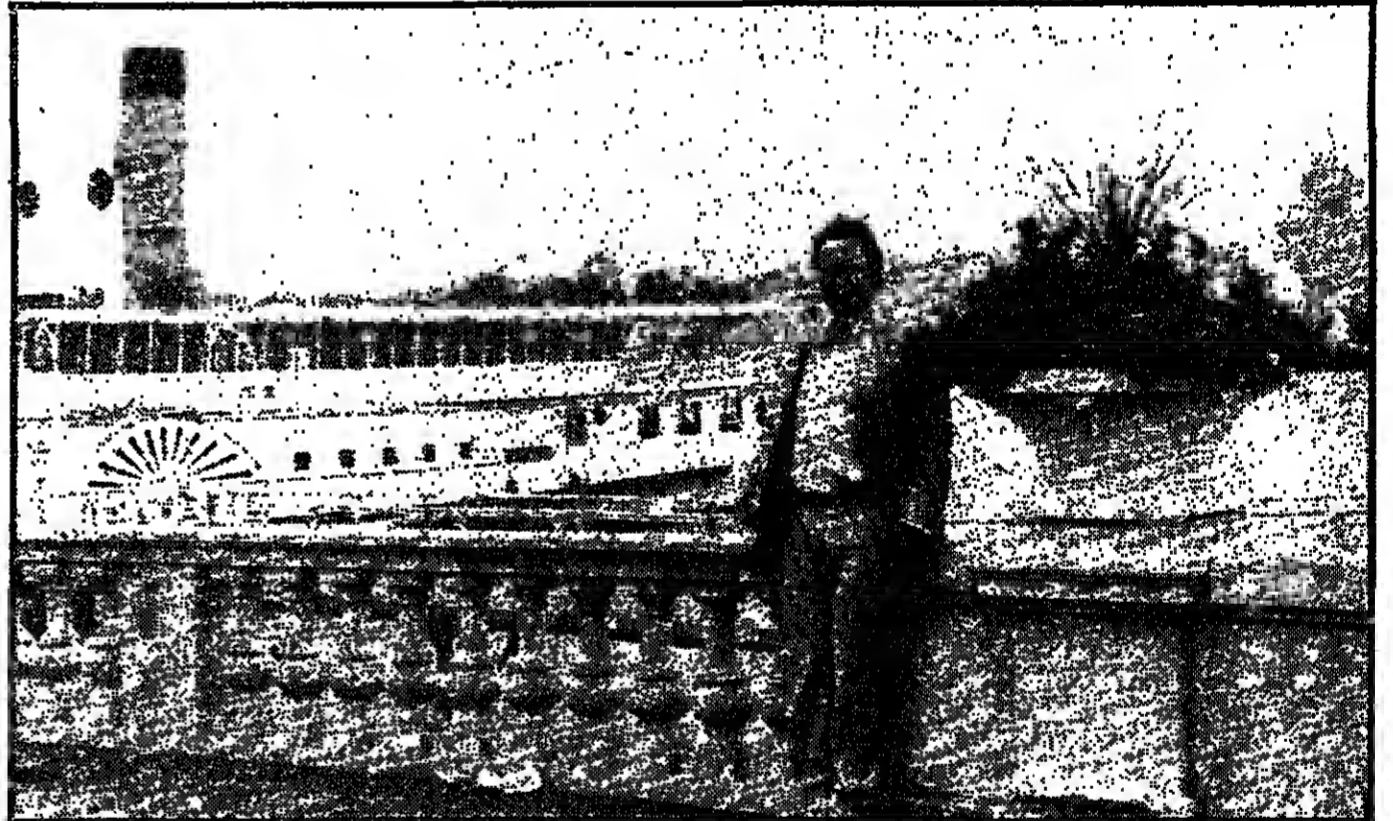
As long as we are outside of Milan, let's not forget the great advantage of the city—its isolation. Drive for one hour from Milan and you are on the shores of Lake Como.

Milan is also a great place to get away from on weekends. A couple of weeks ago, for example, we went with some friends in Como and enjoyed the water skiing and pretty lakeside cafes.

If my friends are carrying an American Express platinum card then it is off to the Via Monte Napoleone, a shopping street so elegant and outrageously expensive that it makes Bond Street seem tacky.

It has to be stressed that Milan in August is hot and sweltering and more or less shut down. The early autumn is a much better time to visit.

And here, to be honest, I have to say that not only is Milan one of Europe's richest cities, but it can sometimes be just a trifle too bourgeois. The women are always dressed to kill, none of that casual and louche Roman gear for the Milanese.



GENEVA

"Among the most beautiful cities... are those which lie on a lake and a river at the same time... Geneva has both Lac Lemman and the Rhone."

Anthony McDermott

IF YOU live, as I do, opposite a main fire engine centre, you might expect, particularly on a Saturday night, to be in for a noisy time.

But this is Geneva and even though the city is seen by other Swiss as being the capital of Swiss Romande, the French-speaking area, and therefore more liberal and perhaps less well organised, it still remains firmly Swiss.

I have no idea what my neighbours round the corner feel about this. But all I know—and am totally used to—is the pffftttt sound of the doors opening upwards, the revving

plucky firemen are on their way. Geneva is both Swiss and foreign. Those in the German-speaking part tend to regard them as an extension of France.

French people with Swiss passports. But this is unjust, even if it was late to join the Swiss confederation—in 1815 (only the Jura in 1978 came later), its inhabitants and its administration operate in a very Swiss precise manner.

As cities go, it is small. At the last count a little over 350,000. But of these, one in three is a foreigner, and the locals heartily blame them for housing and parking problems.

Geneva is essentially international in its impressive array of hotels by the lake, ranging from Hotel Des Bergues (with its smart La Amphitryon restaurant) to the La Perle Du Lac set in a leafy park on the waters edge.

It is international, too, on the southern Coligny side where ambassadors have their residences and King Fahd of Saudi Arabia has just settled a contentious dispute with his neighbours over the inconvenience caused by the construction of an enormous fortress villa.

The UN is ever present. The Palais, built between 1929 and 1936, originally housed the League of Nations. Four-square, and forever being repaired like the Forth Bridge, it houses

De Geneve having offices there. In the morning on offer is coffee and backgammon and newspapers, before the serious offering of speciality—couscous, lamb or chicken royale.

"Plainpalsis," just beside the Walled Old City, is as authentically Genevan as elsewhere. Despite the foreign invasion, it is full of flats with, in the summer, window boxes dripping with red geraniums.

There are small shops dealing with furniture repairs, sewing and mending. The centre is a vast open space with grass and paths where Genevans, obsessed like the rest of Switzerland with dogs, exercise their beasts and where visiting circus set up their tents.

Foreign restaurants abound. For Japanese food—"Yamakawa"; Vietnamese "La Jonque Dor"; Greek "Dionysios"; Egyptian "La Pyramide"; Italian "Roberto"; Chinese "Tse-Pung"; and so on and so forth. Geneva is nothing if not international.

And Geneva is also a place to escape to France from. Head northwards and there is Ferney-Voltaire where the great man lived from 1760 to 1788. Southwards there is Annecy.

In the end Geneva is a small city with fame far outstripping its size. It has its eccentricities. Next to the University in Parc Des Bastions are enshrined four reformers, Farel, Calvin, Beza and Knox, heroes of the Reformation.

But it is above all a supremely beautiful city. Ironically it was a Zurich-born writer in the 19th century, Gottfried Keller, who summed up Geneva best when he wrote: "Among the most beautiful of cities, especially in Switzerland, are those which lie on a lake and a river at the same time. Receiving the river like a wide gate at the lake's end, Geneva has both Lac Lemman and

restaurant of all UN organisations in town.

Shopping like most things in Geneva is not cheap. All the names are there from Bulgari for jewels in Davidedoff for cigars. Antique shops abound, ski wear is there inevitably, and the saviour of the watch industry, the SWATCH which has the loudest tick since Rolls-Royce installed clocks in its cars.

As for its cuisine, Geneva is perhaps more international than local. "Cafe Huisaoud" is famed for its fondues and "Les Armures" for Raclette.

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ARTS

Theatre and opera from the Edinburgh Festival

A yard of Fringe

The Traverse must always head the hunt on the Fringe, where it scarcely belongs anyway. They're giving the British premiere of a new piece by Michel Tremblay in their new townhouse auditorium. Tremblay is one of Canada's most admired native dramatists. Although he is now said to have given up plays for novels.

She is his twin sister. The play ends with a dual ecstasy—ends too fast for me, for the conclusion is too simple, too predictable. The director is Stephen Urvan.

I've somehow failed till now to meet Urvan. A company of three men and a girl who are Festival regulars. Cynthia Lynn has been seen in London—still, anyway, in Hamner—until I felt I should go and hear all about the gutter press. I found the story-line so deliberately erratic that I didn't hear much that was relevant.



Sinton Beale in "Sandra/Manon"

Strong and Laura Evans speak Doo's and Barnard's lines pretty well in the circumstances. Dan is the nicer of them. He picks up a fairly nice girl (Jenny Moxham) and they live together until they're sick of it.

Tony Curtis on Sue Wilson's first season as artistic director

All change at Pitlochry



A scene from "Sea Marks"

There are some major changes, writes Sue Wilson, the new artistic director of the Pitlochry Festival Theatre, inaugurating her first season in the scheme of her programming all determined to improve standards and bring you, our audience, plays which could not be contemplated before...

On the other hand, in four days of intensive pre-opening management to see five different shows and one coffee morning workshop production. This was thanks to the increased number of performances of the one-woman or two-man type, given by people who are not members of the regular company on Sunday evenings and on public holidays.

Richard Wilson was here and so was Geraldine McEwan in her Jane Austen act, Two Weeks of Ivory. In September, Frank Barrie will appear as Macready. I caught An Evening with Queen Victoria by Prunella Scales with the tenor Ian Partridge and Richard Burnett at the piano. The bleed of Victorian music and lightly dramatised passages from the letters and journals with the original cast in white, white, white, worked well.

Price. The sense of fellowship and loyalty in the face of adversity, of people intoxicated as much by life itself as by liquor, did finally come through. It was Rob Spendlove we saw again in Sea Marks, this season's novelty. He takes the part of Colm Primrose, an uneducated Irish fisherman with a silver tongue, and he has shouldered the entire play in partnership with Belinda Sinclair as his Welsh pen-friend in Liverpool. She is a once-married publishing editor with whom he falls in love; he abandons caulking his boat, and his isolated steeple cottage by the Atlantic in order to share her bed in a dingy little city flat.

moment and then allowed to slip back into the ominous seaswell. Traditionally Pitlochry has a double audience: the local loyalists (skilfully nurtured during the Ireland years and personally greeted on arrival by the popular general manager, Roy Wilson in full Highland kilt) and the transient tourists who are here for a week or less on their way further North. Both groups are predominantly middle-aged and are not particularly choosy about plays but they do want to be entertained. Hence a slow, demanding play like Sea Marks was a bold choice, not as successful, either artistically, or with the box-office, as Friel's Translations, a much better play which accrued a similar slot last year.

Salute to an honorary Scot

Since Gian-Carlo Menotti is now almost an honorary Scot, complete with castle, it seems fair enough that the Edinburgh Festival should salute his operatic work with sponsorship from the Bank of Scotland. Doubtless for practical reasons, two of his earliest—and after Amahl and the Night Visitors—most familiar pieces were chosen: The Medium and the little curtain-raiser that he wrote to attach to it, The Telephone. Of course The Saint of Bleeker Street or even Maria Golovin would have been more enterprising, but probably impracticable too; and it was feasible to bring over the Washington Opera production of the double-bill.

with his customary skill. Though there is a variety of opinion about his music, there is no doubt at all about his acute stage-sense, nor his knack for fitting singers into roles. The Telephone and The Medium both require exquisite tact. The one is a tiny squib about a chap trying to propose to a lady who's already wedded to her telephone, and the other is a shameless exercise in Grand Guignol; a false step in either will incur instant collapse.

Brown's dank, shabby-genteel parlour and vaguely foreign costumes were impeccable, and so were Elisabeth Carron, John Florio and Judith Weyman as the said clients. If Beverly Evans hadn't the awful dead-eyed heaviness of the original Medium, Marie Powers, she had every other kind of professional resource for bringing the character to monstrous life; and Monica in impressive depth, tellingly observed and never cold. Perhaps, after all, the insinuating strengths and gross faults of these little operas do Menotti a kind of justice, for his later work seems to recapitulate them with added sophistication. I still wish that Edinburgh might have tried, say his heartfelt madrigal-ballet The Unicorn, the Gorgon and the Manticore.

with Meotti they stem from real people's talk and manners. It is many years since I heard it in many years since I heard it. The Telephone, but idiomatically memorable phrases came round again like dubious old friends. Cal Stewart-Kellogg conducted the Scottish Chamber Orchestra to both scores, which can't have taxed them much. The Medium has catchpenny scene music (very effective) for Madama Flora's scenes and later horrors, a twopeony waltz song for her daughter Monica and grave lirie trios for her clients, bereaved parents all. Again the piece is close enough to life to be uncomfortable and bizarre enough to titillate, with a role for a mute gipsy boy—fervently incarnated here by Menotti's adopted son Francis—who runs from ambiguous dressing-up games through a vicious fogging to a blood-boiled death.

F.T. CROSSWORD PUZZLE No. 5495

Crossword puzzle grid with numbers 1-26 and letters A-Z.

A prize of £10 will be given to each of the senders of the first three correct solutions. Solutions must be received by next Thursday, marked Crossword in the top left-hand corner of the envelope, and addressed to the Financial Times, 10 Cannon Street, London EC4A 3DF. Winners and solutions will be given next Saturday.

Name: _____ Address: _____

- ACROSS
1 Doctor gets into unorthodox movement (6)
4 Strands the fools outside the Swedish capital (6)
8 Swear to get the first mate one in writing (7)
9 See 11 across
11 See 12 across. It's inclined to be a tourist attraction (13, 7, 5, 2, 4)
12 See 11 across
13 Shoot a young man (5)
14 Locked in here for a while, you're expected to come clean (8)
16 Sid's hacking a plot to murder (8)
18 Alert member follows a trainee (5)
20 Edna's drunk port 141
21 Pulling on chooped mint, Steven? 4101
23 A growing aid to modesty (2-1)
24 Meas Elizabeth gives a lodger (7)
25 Reached a similar sound conclusion? (8)
26 Skinhead dashed youth leader to floor (6)
DOWN
1 Dress up, starting hilarious laughter (5)
2 A glass pigeon (7)

Solution to Puzzle No. 5494

BBC - 1

- Indicates programme in black and white
6.50-8.25 am Open University. 8.40 The Saturday Picture Show. 10.50 Saturday Morning Film. "Trail Street," starring Randolph Scott. 12.12 Weather. 12.13 pm Grandstand, including 1.00 News Summary; Eventing; Commentary on the Midland Bank Horse Trials from Locko Park; Racing from Newbury Film; Wales; 2.30 and 3.00; Golf; Reports from York on the Benson and Hedges International; Swimming; Commentary on the Optrex ASA Championships at Blackpool. (N Ireland only: 3.00 Northern Ireland Results). 5.10 Automan. 5.35 News. 6.05 London Sport: South West (Plymouth). Spotlight Sport: All Other English Regions; Sports/Regional News; Wales; Scotland; Sports News Wales; Scotland; Scoreboard; Northern Ireland News and Sport. 6.10 On the Road. 6.40 The Saturday Film: "Perfect Gentleman," starring Lauren Bacall. 8.15 The Main Attraction. 8.00 Dynasty. 9.45 Athletics: Commentary on the Nike Classic. 10.50 News. 11.05 Saturday Late Film: "In the Heat of the Night," starring Sidney Poitier and Rod Steiger.

BBC 2

- 6.25 am Open University. 3.10 pm Saturday Cinema: Elvis on Tour. A film record of Elvis Presley's concert tour of America in 1972. 4.40 Golf: Coverage of the third round of the Benson and Hedges International Open from Fulford Club, York. 5.55 The Year they Raised the Rose. 7.00 News and Sport. 7.15 Mendelssohn: First of six programmes to six days featuring his music. This performance of "Elijah" was conducted by Andrew Davis in St David's Hall, Cardiff. 9.45 The Lost Babies. 11.00-11.35 Star Brass.

LONDON

- 6.20 am TV-am Breakfast Programme. 9.25 LWT Information. 9.30 The Smurfs. 10.00 Standby.

SOLUTION AND WINNERS OF PUZZLE No. 5489

Mrs V. A. Care, 32 Ford Lane, Didsbury, Manchester. Professor D. R. Wood, 27 Shire Oak Road, Leeds. Mr G. G. Slocier, 17 Gardner's Crescent, Edinburgh.

CHANNEL 4

- 2.00 pm Great Walks. 12.30 "The Women," starring Norma Shearer with Joan Crawford, Rosalind Russell, Mary Boland. 4.55 Rooty Tot Toot. 5.05 Brookside. 6.00 Ear Say. 7.05 News Summary, followed by Revelations. 8.00 Jenny. 9.00 Callio. 10.00 They Came from Somewhere Else. 10.30 Golf: The PGA Championship—exclusive coverage from Birmingham, Alabama, on today's third round. 2.00 pm Great Walks. 12.30 "The Women," starring Norma Shearer with Joan Crawford, Rosalind Russell, Mary Boland. 4.55 Rooty Tot Toot. 5.05 Brookside. 6.00 Ear Say. 7.05 News Summary, followed by Revelations. 8.00 Jenny. 9.00 Callio. 10.00 They Came from Somewhere Else. 10.30 Golf: The PGA Championship—exclusive coverage from Birmingham, Alabama, on today's third round.

REGIONS

- ANGLIA
9.30 am Sesame Street. 10.30 Film. 12.40 am At the End Of The Day.
BORDER
9.25 am Caravan Time. 9.30 Adventure of Gulliver. 8.50 Sport Daily. 11.05 Film: The Count of Monte Cristo. 5.05 pm Chips.
YORKSHIRE
9.25 am Regional Weather Forecast. 10.25 pm The Friendly Ship. 9.30 The Friendly Ship. 11.05 Film: The Count of Monte Cristo. 5.05 pm Chips.

CHESS SOLUTIONS

1 R(N3)-K3: Resigns. The threat is 2 RxB, NxR; 3 N-B6. If 1... B-B1; 2 R-K3 wins, or if PxN; 2 R-N3 ch wins. Solution to Problem No. 529 1 B-K5 (waiting). K-B4; 2 R-N5, or if K-K3; 2 B-B6, or if K-K3; 2 N-B4, or if R moves; 2 Q-B5, or if B moves; 2 N-B4, or if N moves; 2 QxR.

Company Notices

PETROLES MEXICANOS U.S. \$100,000,000 Floating Rate Note US\$ 1988

DE BANK DEUTSCHE GENOSSENSCHAFTSBANK

Table with columns: Description, Amount, Maturity Date, Identification Number

CZECHOSLOVAK DOLLAR BONDS

The Council of Foreign Bondholders have been notified of holders of certain Czechoslovak Dollar Bonds...

LEGAL NOTICES

NOTICE IS HEREBY GIVEN that the TRANSFER BOOKS of the 1st, 2nd, 3rd, 4th, 5th, 6th, 7th, 8th, 9th, 10th, 11th, 12th, 13th, 14th, 15th, 16th, 17th, 18th, 19th, 20th, 21st, 22nd, 23rd, 24th, 25th, 26th, 27th, 28th, 29th, 30th, 31st, 32nd, 33rd, 34th, 35th, 36th, 37th, 38th, 39th, 40th, 41st, 42nd, 43rd, 44th, 45th, 46th, 47th, 48th, 49th, 50th, 51st, 52nd, 53rd, 54th, 55th, 56th, 57th, 58th, 59th, 60th, 61st, 62nd, 63rd, 64th, 65th, 66th, 67th, 68th, 69th, 70th, 71st, 72nd, 73rd, 74th, 75th, 76th, 77th, 78th, 79th, 80th, 81st, 82nd, 83rd, 84th, 85th, 86th, 87th, 88th, 89th, 90th, 91st, 92nd, 93rd, 94th, 95th, 96th, 97th, 98th, 99th, 100th, 101st, 102nd, 103rd, 104th, 105th, 106th, 107th, 108th, 109th, 110th, 111th, 112th, 113th, 114th, 115th, 116th, 117th, 118th, 119th, 120th, 121st, 122nd, 123rd, 124th, 125th, 126th, 127th, 128th, 129th, 130th, 131st, 132nd, 133rd, 134th, 135th, 136th, 137th, 138th, 139th, 140th, 141st, 142nd, 143rd, 144th, 145th, 146th, 147th, 148th, 149th, 150th, 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Saturday August 18 1984

A NEW STRATEGY FOR WARBURG

The house Sir Siegmund built

By John Makinson

Two crises in slow motion

IT'S DREADFULLY close in the hush this month, as the post might have put it on an off day—the kind of weather that provokes uneasy dozing, in which you may suffer waking nightmares of swimming in treacle. Everything is happening so slowly that it may appear for quite long periods that nothing is ever likely to move to a denouement. Even the threatened dock strike is more and no less of a threat than it was when the approach of a coal ship to Hunterston was announced more than a week ago. Yet looking forward it is clear that we cannot go on for ever with the mines on strike, or with interest rates which debtors cannot pay. The long term outlook for Mrs Thatcher in the first case, and for the whole world economy in the second, will hinge on how each crisis is resolved.

Domestic problems

So far as our little domestic problems are concerned, it does begin to look increasingly likely that the Government will "win" this confrontation. Miceers are becoming openly critical of their leadership, members of other unions are questioning the support their unions are giving to the NUM, and not even the hardliners in the TUC seem to have much hope of organising the mass sympathetic abstention. It is still possible, of course, that some rash action by the authorities could prove as self-defeating as the plastic bullets fired in Belfast, but failing such follies it is probably only a matter of time—probably less than the return to work next spring forecast in Old Moore's Almanac.

Magnanimity in victory

What is not clear is what a win will be worth. Will this be another Falklands victory, leaving the two sides in motionless hostility over a symbol? Mr Scargill, the old-fashioned class warrior, is almost as irrelevant to our real problems as those South Atlantic rocks. A suddenly rebellious trade union movement, on the other hand, can remain on brake on our progress even if it is weakened.

If the Government can remember that it is not fighting a movement, but one man in it, it may also be able to remember to show magnanimity in victory, to show a more active concern for unemployment, and could perhaps make some response to the quite imaginative though unduly expensive TUC-Labour proposals for re-training, re-education, and work experience, or for the moment take "new realism" in the unions which was quite a hopeful development at this time last year is dead; but with earn-

ings growing obstinately at nearly 8 per cent annually, and a slowdown in the previously strong growth of productivity, it is hard to imagine that the labour relations of trench warfare will help sustain what is already a faltering recovery. One advantage of slow-motion events is that they allow time for mature reflection. It would be nice to feel sure that the opportunity would be used.

Sullen gilts

The economic slowdown suggested by our own latest figures for output and car sales, and by U.S. retail sales, is not of course something which the UK Government on its own can tackle very effectively. So far as it is caused by excessively high interest, our own authorities are clearly doing all they can to remove this obstacle. Some uncertainties, notably about the dock strike, will almost certainly have to be cleared up before any further fall can be averted. The gilt market, which at first celebrated quite noisily as the Grand Old Duke of York marched his troops up the hill and down again, has been relatively sullen about the latest moves.

The reason is that only when the prospect in the UK is reasonably clear can we hope to decouple from U.S. interest rates—as the West Germans, for example, have done most effectively, and the outlook for U.S. rates is as cloudy as ever. More clearly than ever the Federal Reserve is stuck between the risks of inflation on the one hand—with fears of a costly car industry settlement—and financial collapse on the other.

The Financial Corporation of America is not a household word in London; it is not yet an international banking operation. But it is a household word in the U.S., where it occupies the kind of role which Abbey National might hope to play after some years of vigorous expansion outside housing finance. It poses more difficult questions than did Continental Illinois, since if the worst were to happen the relevant U.S. institutions simply would not have enough cash to bale it out.

Unbearable Squeeze

Perhaps this will bring home to President Reagan, as nothing seems to have done until now, the fact that the present squeeze on credit markets imposed by U.S. borrowing is simply unbearable in the long run; but we will have to wait until the January budget message to know if the lesson has been learned. Until then, investors can only behave like synchro-swimmers: hold your breath longer than seems possible, and hope to come up smiling.

"WHAT worries me very much, quite frankly, is that we are already getting too big on both sides of the Atlantic. This is the punishment of success... If you take on more and more clients, the moment comes when the quality of your service cannot fail to deteriorate. This is our problem: we are in a way too big. In London we are definitely too big."

No-one will ever know what Sir Siegmund Warburg would have made of this week's announcement from the merchant bank he founded and built in post-war London. But to judge by these remarks, from a rare interview given two years before his death in October 1982, he would scarcely have approved.

S. G. Warburg is becoming bigger—much bigger—and in the process is committing itself ever more firmly to its home turf, the City of London. Early this week, Mercury Securities, the Warburg parent, was one of four signatories to a deal as bold as any yet struck in the City's present reformation.

Once accomplished, the merger will leave Warburg in effective control of an institution employing between 1,500 and 1,700 people, twice the size of the bank's present staff. Its balance sheet, meanwhile, will secure it a place in the top rank of London's financial services companies. But it is not just the size of this organisation which appears to betray the principles of the bank's founder. By broadening the scope of its activities so dramatically, Warburg risks losing the distinctive style and ethos which has made it such a success over the past 40 years.

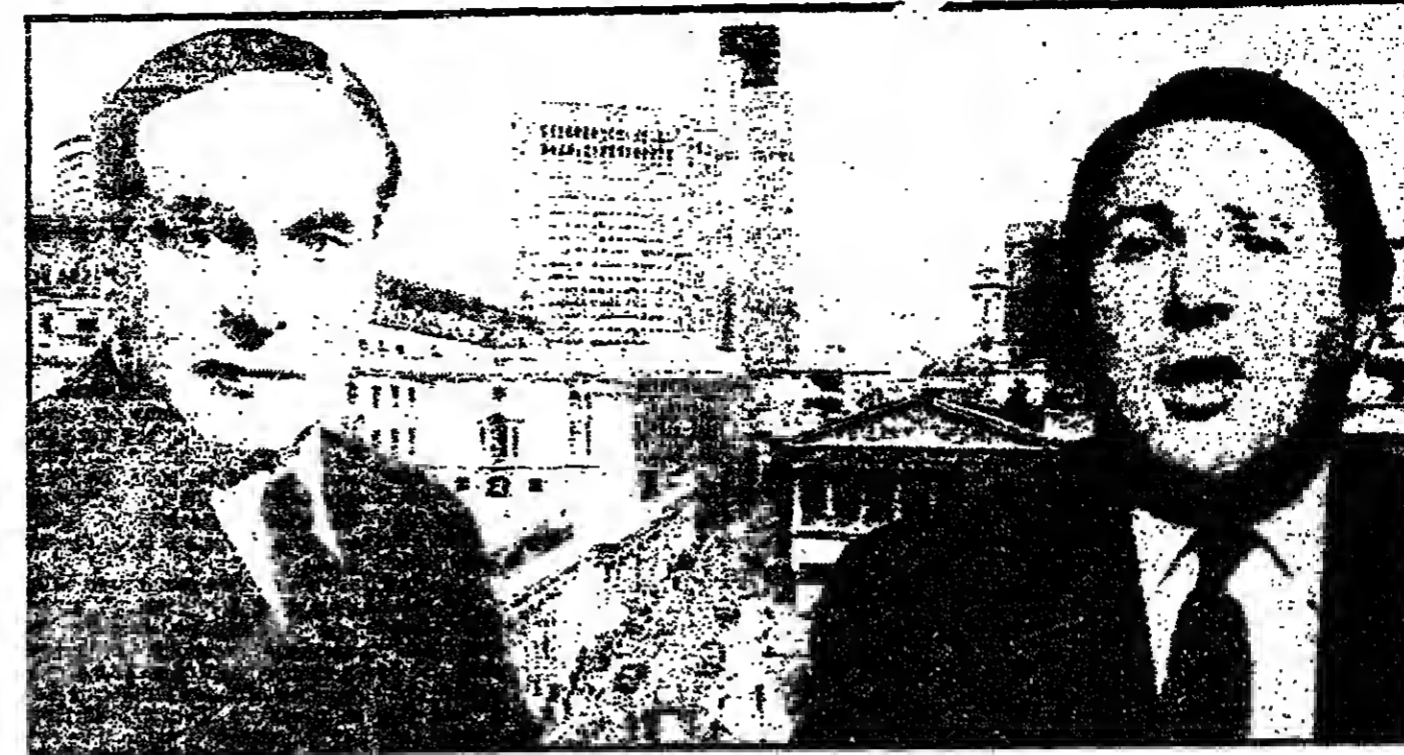
The parties to the transaction (see box) are hoping to create a financial institution broadly resembling a U.S. investment bank. It will aim to offer a comprehensive service, principally to big institutional

The new organisation will take positions in securities markets

and corporate clients, covering everything from the issuing of shares and bonds to foreign exchange, equity research, international securities dealing and government advisory work. The new organisation will also make prices and take positions of its own in securities markets. And it will engage in commercial banking and investment management, areas of activity allied to most Wall Street investment banks.

The consummation of this multiple marriage will have to await changes in the London Stock Exchange's rule-book, which prohibits full mergers between jobbers, stockbrokers and merchant banks. But, within two years, the four firms should be fully integrated and running.

The guiding light in the negotiations leading up to this week's announcement has, by common consent, been S. G. Warburg. The bank's present



Past and present: Sir Siegmund Warburg (left) and Mr David Scholey

shareholders will own a majority stake in the company formed to unite the four existing firms and the chairman of the new company will be Mr chairman of Warburg, David Scholey, the present

Indeed, Sir Siegmund Warburg would have had nothing but praise for some aspects of this week's agreement. Its diabolical financial complexity would certainly have appealed to him, but above all the boldness of the concept would have earned his respect. Warburg, after all, owes its present position in the City to a succession of imaginative leaps spaced, coincidentally, roughly a decade apart.

S. G. Warburg was established in its present form in 1946. Siegmund Warburg left his family bank in Hamburg shortly after the Nazis took power and he way of the Netherlands and Sweden, he arrived in London. The city bank which took his name slowly built a reputation during the late 1940s and early 1950s, acquiring membership of the elite Accepting Houses Committee, through the acquisition of Seligman Brothers, along the way.

But it was not until 1956 that Siegmund Warburg truly made his mark in the City. On behalf of Reynolds Metal, a U.S. company, and Tube Investments of the UK, Warburg secretly accumulated a 10 per cent interest in British Aluminium. What followed would fill a large chapter in any City history: it launched a hostile offer for the shares, over the heads of the BA directors, prompting as much outrage in City banking parlours as in the boardroom of BA itself.

A Consortium of prominent merchant banks announced that it was resisting the bid "in the national interest" and effectively ostracised Siegmund Warburg. As the banker was later to recall: "Some people in very good houses talked very nastily behind my back: 'Do you know this fellow Siegmund Warburg? He starts in the office at eight

THE NEW ALLIANCE
S. G. Warburg—one of the City's elite merchant banks with a strong reputation in corporate finance, the Eurodollar market and investment management.
Akroyd & Smithers—one of the two biggest stockjobbers in London, participating in almost half the gilt-edged transactions.

'o'clock in the morning.' That was considered contemptible." Yet the eventual triumph of Warburg in that battle transformed corporate finance methods in the City, and made the contested takeover acceptable practice. In the process, it greatly enhanced the stature of S. G. Warburg in the London market. A readiness to chal-

There is little substance in the theory that a banker needs to be a Jewish, Wykehamist accountant to get on at Warburg

enge the financial establishment; and its creed was no less evident in Warburg's next coup. The introduction of interest equalisation tax in 1964 was immediately perceived by Warburg as an opportunity to create an international capital market based in London. Warburg stole a march on its competitors and established a beachhead in what was to become the Euro-market. It has remained one of the most active and successful participants in that market ever since. Ten years later, Warburg again surprised the City, this time by forging links with Paris. One of the most prestigious investment banks in France, the two banks acquired shares to

Rowe & Pitman—the Queen's stockbroker and a long-established corporate finance specialist.
Nulven—the Government Broker, a status which until now has given it the exclusive right to channel gilt-edged securities into the market.

each other and together took control of Becker, a U.S. securities firm. These links have now been severed and, with the benefit of hindsight, it is clear that the liaison should never have been formed. The Paribus connection prevented Warburg from dealing freely with other French banks, while Becker was altogether too

Despite a recent move to new premises, there is nothing outside — or indeed inside — to identify S. G. Warburg as the occupant of the building. Similarly, it is no coincidence that this article contains no comments, attributable or otherwise, from Warburg executives.

There is a deliberate theatricality about many of Warburg's eccentricities. Siegmund Warburg's well known insistence that potential recruits should be submitted to a handwriting test has survived to the present day, as has the tradition of the frugal two-sitting lunch, one at 12.30 and one at 1.30. Yet, while Warburg may carefully nurture this aura in order to impress clients and gain their confidence, there is more to its reputation than inspired public relations. Siegmund Warburg's insistence on combining thoroughness and flexibility is reflected in an astonishingly tight management structure. Everyone in the bank has access to the chairman, who

respect in which it is held around the world. Warburg's men do not invariably work 16-hour days, seven days a week, as legend has it. Nor do they always forgo their holidays, as the burnished tan being sported by one senior director this week testified. The reputation for Prussian austerity and discipline is well-earned, but Warburg bankers have been known to drink wine at lunch time (though never a brandy afterwards).

There is as little substance in the theory that a banker needs to be a Jewish, Wykehamist accountant to get on at Warburg as there is in the notion that an imperfect understanding of the novels of Trollope immediately counted against a rising banker. Siegmund Warburg's eyes. Yet it hardly matters whether the reputation for eccentricity, diligence and secrecy is fully justified or not. It exists and the bank does nothing to discourage it.

Yet, though at this, there is a conspicuous determination on the part of the Warburg directors to maintain the traditions of Sir Siegmund. The bank's founder described David Scholey as an adopted son, while his original partner and associate, Mr Henry Grafeld, aged 90, still arrives at the office every morning at around 8.30 to ensure that no heresy is being perpetrated.

The links announced this week are bound to wreak fundamental changes within Warburg. But the bank is unlikely to lose its distinctive personality overnight. In his interview with the Institutional Investor, Siegmund Warburg expressed some apprehension about his spiritual heirs: "I don't believe for one minute that we will ever get one additional client through printing our reports in a more flamboyant way. That is one area where my influence is still strong. But I think if I die tomorrow they will start printing on elegant paper." He need not have worried. They haven't

takes a detailed interest in every field of activity. At the height of the BTR bid for Thomas Tilling, Warburg's client, David Scholey, could be seen tramping the pavements of the City to drum up institutional support. Similarly, the Warburg practice of processing all mail through a central point and despatching copies of correspondence to anyone who might be interested is designed to ensure that everyone knows what everyone else is doing.

Whether this distinct esprit de corps will translate to a larger organisation is open to question. Warburg has traditionally resisted even the establishment of foreign offices, preferring to fly people out from London. And it has rarely made a success of diversification or association. Leaving Paribus-Becker aside, Warburg has bought and subsequently sold an advertising agency and a metal trading business, neither of which fitted in.

The bank has admittedly diversified internally with conspicuous success. The development of its Euro-market operation brought it into the unfamiliar field of securities dealing. It has also managed its investment management subsidiary tightly effectively, even though that organisation has a personality quite different from the bank itself.

In this instance, however, Warburg will be contending with a series of commercial and ethical problems, at the same time as trying to make the personalities gell. The potential conflicts of interest within the new group have not yet been fully explored and, for a company of such size, the shortage of international representation will be highly conspicuous. And, underlying all that, Warburg may find that by moving in the direction of a Wall Street investment bank it is simply backing the wrong horse.

Determination to maintain the Warburg traditions

Chinese walls in the City

From Mr S. Green. Sir—May I take issue with Richard Lambert's ill-timed classic financial scandal (August 15) may be delayed until later in this decade. It will almost certainly take place in the London securities market.

The idea that conglomerates combining broking, dealing, market-making and fund management can be controlled by self-regulation can only have been conceived behind a looking glass. And talking of glass, have Sir Nicholas and his colleagues descended from the 23rd floor to examine the modified Californian breeze blocks with which a number of our existing financial institutions have constructed their "Chinese walls"?

A gliding gladiator

From Mr J. Towey. Sir—Janet Marsh (August 4) states that there is no known airworthy example of the Gloster Gladiator (one of four types of aircraft which took part in the Battle of Britain, viz. Gloster Gladiator, Blenheim, Hurricane and Spitfire). There is in fact a Gladiator, still airworthy and flying, based at the Shuttleworth Museum.

She is the L8033 which I flew on 24 sorties from Detling in 1942. I remember an "engine cut" at 12,000 ft above one of the forts in the Thames estuary in this same aircraft. I decided to bale out and actually climbed onto the port wing; then changed my mind because of a heavy sea mist. Struggling back into the cockpit I headed downwind for Detling 12 miles away. Trimmed to glide at 45-50

knots this wonderful aircraft arrived over the airfield with sufficient height to complete a circuit before touching down! After 42 years it will be a great experience to see her again, which I intend to do as soon as possible. I'm glad I lacked the "guts" to bale; L8033 now rests in a hangar at Biggleswade instead of on the bed of the Thames estuary.

Jack Towey, Rose House, Richards Castle, Ludlow, Salop.

What the records show

From Mr C. Russell. Sir—Janet Marsh, in her article "Treat yourself to a Spitfire" (August 4) is sadly misleading in her statement. By the time of the Battle of Britain, 44 years ago this summer, 390 Spitfires were in service.

Company and service records show 308 delivered by the outbreak of war September 3 1939, and that the original contract of 310 completed its delivery four days later September 7 1939. The second order of 200 was completed by January 20 1940 including three aircraft component sets sent to Castle Bromwich shadow factory as visual samples, and the delivery rate from Supermarine at Southampton followed thus: February 42, March 42, April 42, May 42 and June 42. Even allowing for losses up to June 1940, I'm afraid Ms Marsh is at least 100 per cent wrong. C. R. Russell, 12, Broomfield Drive, Alderholt, Nr Fordingbridge, Hants.

Preserve an Anson

From Mr J. Tyler. Sir—Unfortunately, the aircraft that Mr Goss has observed deteriorating at Llanbedr

Letters to the Editor

(August 15) is not a Beau-fighter, but an Avro Anson, many examples of which are already preserved around the country. I do, however, agree with him that it is a worthy candidate for restoration, being the first prototype of the relatively uncommon Mark 21 trainer version of this fine aircraft.

Mr Goss may be interested to know that the only remaining complete Beau-fighter is beautifully preserved in the RAF Museum at Hendon. John A. Tyler, 70 Windsor Crescent, South Harrow, Middlesex.

A far-sighted developer

From Mr R. Hopkinson-Woolley. Sir—It is a pity that A. L. Rowse seemed to overlook, in his review (August 11) of the new history of the University of Oxford, one of our first great entrepreneurs. Robert d'Oilly took over Oxford, after the Conquest, in a partially derelict state and found it an unbridged maze of waterways. He saw that to make the town successful again he had to find river banks firm enough for bridges (very difficult in those days) and make Oxford a crossing point for east-west and north-south commercial traffic. He built three bridges, Petty pont (near Magdalen Bridge), Grand pont (Folly Bridge) with a causeway over numerous streams and Hythe Bridge to improve access to the existing wharves. Robert d'Oilly could be classed as our

accounting. Mr W. David (August 11) implies that both are irrelevant, but for centuries businessmen have found historical cost accounts useful. A method of accounting, like money itself, needs to be "generally accepted." First the Government and then the English Institute tried to impose current cost accounting against the wishes of most accountants. They have failed, and the latest proposal would banish CCA to a humiliating footnote. CCA is not a method of accounting for inflation, but in times of inflation that is what is needed.

At this year's annual meeting the president of the English Institute denied being under government orders to continue with CCA. So the council should disclose why it now opposes the constant purchasing power system it formerly advocated. If any valid accounting arguments against CPP exist, why keep them secret? (Professor D. R. Myddelton, Cranfield School of Management, Cranfield, Beds.

Sartorial excellence

From Dr C. D. Needham. Sir—Carla Rapoport (August 13) tells us that the effects of business lunches defeat our modern tailors. Surely it is the tailors' job to cut clothes to suit whatever shape the customer may possess, and not to moan about the absence of Adonis. Tailors, like the rest of us, need to recall that it is the customer that matters. If the person who pays is pleased then the clothes are right; if he is not pleased, then they are wrong. (Dr) Douglas Needham, Drumgray, Edrom, Duns, Berwickshire.

Boardroom politics

From Mr G. Mills. Sir—When wide-awake companies like BTR, Hanson Trust and Racal (Lex. August 8) avoid

using non-executives they make silent comment on the poor performance of prevailing categories of non-executive, not on the potential contribution of the independent outsider.

When the same companies prevent their own staff from taking non-executive posts elsewhere they are simply demanding that full-time executives should actually work full-time at their well-rewarded positions. Contrast such realism with overall trends in the UK. During the 1970s the proportion of public company non-executives who are working as "full-time" executive directors elsewhere has risen from half to three-quarters. This means the UK is getting "more of the same"—more of that category of non-executive which has been shown through many years to provide far too little time and active contribution.

Effective boardroom performance demands diversity, dedication and literally democratic leadership by the chairman. Most directors, however, dislike the discomfort of diversity and fear the dedication of a truly active non-executive. Geoffrey Mills, 43 Wheatstone Close, Edgbaston, Birmingham.

Pestilential song birds

From Mr M. Brown. Sir—Mr Cherrington (August 11) is probably right in his approval of the shooting of pestilential song birds. Unsentimental elimination of opposition or nuisances has always been the way to progress. Those with humble regard for the rights and lives of other creatures are not likely to have played much part in the forward march of events that has brought us to that state of refined sensibility so evident in the oews that we daily hear and read. M. J. Brown, Beck Mill, Germansweeth, Beworth, Devon.

Williams & Glyn's Interest Rate Changes
Williams & Glyn's Bank announces that with effect from 20th August 1984 its Base Rate for advances is reduced from 11% to 10 1/2% per annum. Interest on deposits at 7 days notice is reduced from 8% to 7 1/4% per annum. Williams & Glyn's Bank plc

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THE BRITISH ECONOMY

Some old fears are revived

By Max Wilkinson, Economics Correspondent

YESTERDAY'S fall in clearing bank's base lending rates to 10 1/2 per cent is almost the end of a rather unpleasant little chapter in Britain's economic history.

The cut leaves interest rates still somewhat higher than they were at the beginning of last month, but at least it shows that for the time being at least the market's summer fever is over.

Yet this summer's run on sterling — the third since the Government came to power — has revived some uncomfortable worries about the basic health of the British economy.

Most obviously, it has drawn attention to the City's growing fear that the present recovery is proving unexpectedly weak by past standards, and not just because of industrial unrest, the pressure from U.S. financial markets and the fall in oil prices.

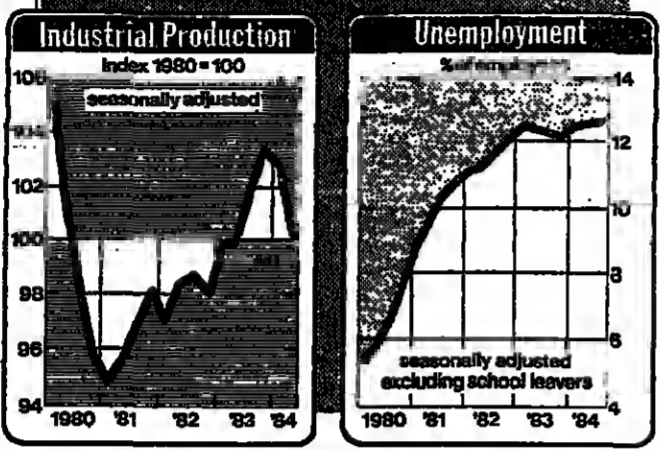
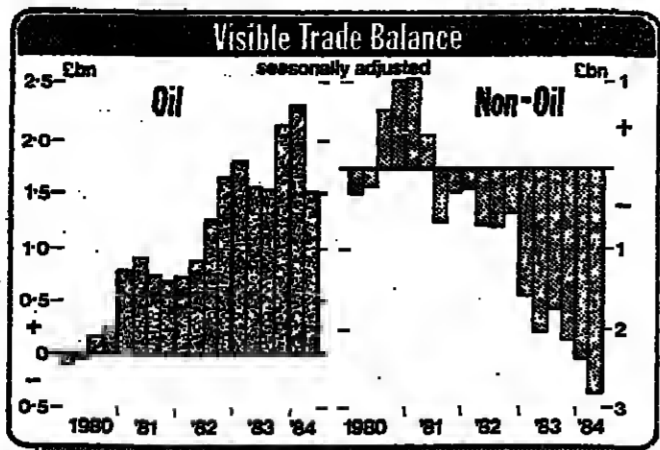
This immediately leads to the central political question: the seemingly inexorable rise in unemployment and what, if anything, the Government is going to do about it. In his Mias lecture in June Mr Nigel Lawson, the Chancellor, said with characteristic vigour, that the one thing he will not do is to try to stimulate growth and create jobs by traditional (fiscal) reflation.

That makes interest rates doubly important to the Government's strategy. The authorities' dismay at last month's 2 1/2 percentage point rise in base rates to 12 per cent — and their haste in pushing them down this month — stems directly from concern about what is happening in the "real" economy and particularly to unemployment.

Most of this week's evidence has been discouraging, even when allowance is made for the fact that official figures for output, public borrowing and trade have all been directly affected by the miners' strike.

The gloomiest indicator, without doubt, was found in Monday's industrial production figures. These showed a fall of almost 3 per cent in output for the three months to June compared with the first quarter and almost no improvement compared with a year earlier.

This fall in output was considerably more than can be explained by the loss of coal production since March. Companies making consumer goods, machinery and components seem now to be becalmed with the level of manufacturing production no better in the first half of this year than it was in the second half of 1983.



Marron Sedger

By the early summer the Treasury was still arguing that the underlying performance of the economy was steady if not getting stronger and that growth of nearly 3 per cent might be achieved despite the miners' strike.

However, last month the horizon suddenly looked much stormier. Ugly scenes of violence on the picket lines, the threat of a prolonged dock strike, a falling pound and rising U.S. interest rates combined in 1981 when interest rates were raised by 4 percentage points to defend sterling.

A more immediate motive was to persuade the building societies to reverse at least some of the 2 1/2 percentage point rise in mortgage rates announced in mid-July.

This will put 0.8 per cent on to the Retail Prices Index for August giving a bad dent to the image of steadily falling inflation which the Government is so anxious to promote and which yesterday's figure of 4 1/2 per cent for July helped to strengthen.

survey of nearly 1,700 manufacturing companies which was published at the start of this month. But the CBI survey, which usually gives a very reliable reading of the economy's pulse rate, provided no advance warning of the fall in manufacturing output shown by last week's official figures.

On the contrary, it suggested a continuing improvement in output, orders and exports, though at a slower rate than recently. This may be a very important discrepancy because the CBI survey has often proved more reliable than the official figures which are subject to frequent revisions.

But if the CBI is more optimistic about underlying industrial activity than the Government's statisticians, it is more pessimistic about jobs at least in the manufacturing sector. Recent surveys provide strong evidence that the process of replacing men by machines is continuing notwithstanding the Department of Employment figures on Wednesday which showed that in the second quarter of this year the number of jobs in manufacturing rose for the first time in 6 1/2 years.

Whom should one believe? As usual, the truth is probably somewhere in between. The rapid erosion of jobs in manufacturing industry seems now to have come to an end, but output has not been growing very fast if at all in recent months. The slumping down, already clear in the second quarter, has yet to be replaced by new orders for plant and machinery and by the expected growth of export sales.

This, in a nutshell, is why the Government has been in such a hurry to bring interest rates down. It wanted to prevent companies being stamped into cutting stocks and shaving back investment plans as happened in 1981 when interest rates were raised by 4 percentage points to defend sterling.

And even when the miners' strike is over, Britain will need to start getting used to a smaller oil surplus, which will have to be replaced by a better trading performance on other goods.

This process has by no means started. In the second quarter of this year imports of manufactured goods were 18 per cent higher than a year earlier. Manufactured exports rose at less than half that rate.

The Government's immediate answer is that wage settlements must come down and the CBI has taken this in an urgent letter to members calling on them to bring down the average wage settlements in the next pay round.

But interest rates are not the only shadow over future inflation. Another set of figures this week raised some alarm about the trend of pay increases. Average earnings have risen by 7 1/2 per cent in the last year while the rise in manufacturing industry was 9 1/2 per cent.

Even after allowing for productivity increases, labour costs per unit of output are rising at an annual rate of about 4 per cent, well ahead of rises in Britain's major competitor countries.

There is therefore a danger that after two years of rapidly improving productivity and international competitiveness, Britain may once again be falling behind in the battle for overseas advantage.

This is not a position in which the British economy can afford to be as oil production starts its slow decline. The graph, showing the rapid build-up of the UK deficit on non-oil trade, explains why.

In the first quarter of this year, the oil surplus was £2.3bn. It has taken this in an urgent letter to members calling on them to bring down the average wage settlements in the next pay round.

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But with profits still increasing, companies may not find it easy to resist trade union pressures. That is why the Government's target of 4 1/2 per cent inflation at the end of the year and 4 per cent by next summer is so important. It needs to convince trade unions that inflation is moving ever downwards. If it falls, the financial markets will push sterling down, and inflation will go up.

So time is not on the Government's side.

The BMX phenomenon

Wheelies, kick-backs, turns... and a boom

By David Hellier

THE CONCRETE bowl-shaped play areas once populated by skateboarders are now the domain of bikers. BMX bikers, to be precise.

That's where children practise jumps, wheelies, kick-backs and turns. Anything, in fact, other than just riding a bike from A to B.

The BMX phenomenon — the bike is based on a new kind of chassis and was introduced to a sceptical network of UK retailers four years ago — has amazed the cycle industry. Since 1978, UK bicycle sales have more than doubled from around 1m with the BMX climbing from nowhere to at least a third of the total market. New bike sales have now overtaken the annual figures for new car sales.

Not only has the BMX provided a desperately needed sales fillip, it has also revolutionised the marketing of bicycles. With a sales pitch aimed mainly at children between the ages of five and 16, fashion and razz-matazz have become crucial selling tools.

When Raleigh, a subsidiary of the TI group and the UK's largest bicycle manufacturer with nearly 50 per cent of sales, introduced its Raleigh "burner" two years ago, the rest of the industry followed suit and Britain's BMX boom began.

After record sales last year, BMX bike sales look set to stay around 650,000 this year. But it does not stop there. It has developed into "big business" worth, according to some estimates, about £100m in the last year alone.

Accessories, anything from elbow pads, helmets, race pants, gloves and goggles, can be bigger money-spinners than the bikes themselves. Some shops, in fact, stock only the accessories because profit margins can be higher.

At the cinema, BMX Bandits is currently playing to youngsters on vacation. And the Kellogg's BMX championships, recently shown in a six-part series on Channel Four, regularly attracted more than 1m viewers.

The popularity of BMX as a sport — each weekend thousands of teenagers compete in race meetings up and down the country — may well ensure that it remains more than a passing fad.

BMX bikes, which grew out of the increasing popularity of dirt-track racing in the U.S., were originally developed in back-street garages in California in the late 1960s. Nowadays, the majority of components are made in the Far East.

The two key distinguishing marks of the bike which sell for anything between £70 and £400 are their small 20-inch multi-coloured wheels and sturdy frames. They are not suited for longer distance riding, although they are adequate for short journeys on the road. Designers are now concentrating on the "stunt" capacity of the bikes and include extra tubing on the handlebars, platforms over the back wheel and improvements in the main frame and the clamp that holds the handlebars to the stem.

Riders of BMX bikes — the term stands for bicycle motor cross — participate in racing or freestyle, or both. Britain's best-known rider, Andy Ruffell, 18, works full-time for Ammoco, Mongoose, Importers of Mongoose bikes from the U.S., which he earns more than £30,000 a year. While half a dozen others earn a living from the sport, most children ride for fun and it is the parents who pay for it.



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Take Oliver Taylor, aged 11: "Whenever I go, my hike goes with me." Last week he, his brother and his brother's bike all went on holiday to Bognor Regis.

Mark Salisbury, 16, who test rides for BMX Action Bike magazine, which sells 75,000 copies a month, insists that BMX bike riding is not a short-term craze. "It's here to stay because you can ride BMX bikes anywhere. It's nothing like skateboarding."

One of the problems for the real enthusiasts is that there are some areas without tracks. Mrs Hannah Welch, whose son Clifford was last year's 11 age group national champion, has been campaigning for a track in Canvey Island, Essex, for two years. "There are in excess of 2,000 riders on the island," she claims. "All we want is the same sort of area that would be taken up by three football pitches."

he was given his hike last Christmas. Already he has changed everything on it except the crank. He has posters all over his room, buys all the magazines and wants to be a BMX star.

"My parents say I'll get bored with riding but I don't think I will."

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One of the things that goes with any sport is the risk of injury. Doctors in Wales recently warned of a complaint they have named BMX riders' wrist. Others suggest that BMX injuries might be similar to those incurred by skateboarders.

The Road Safety Office in Merseyside appealed recently to parents to ensure that their children were not practising stunts on the road. It says that this year has seen a substantial increase in bike accidents. "But there's no clear-cut explanation as to whether it's due to BMX riding alone. Maybe it's just due to an increase in child cyclists," says a spokesman.

According to Mr Adrian Parsons, a buyer for distributors, Ickeo Leisure Products, the next moon cycle market will be for Mountain bikes. BMX bikes for adults. These will range in price from £250 to £1,000. "However the BMX juvenile market will never die out," he says, "because it's really just a re-styling of the old junior bicycle."

Weekend Brief

Go to work on an eel

IN Japan, in the dog days of summer, the most frequently heard expression is "mushi asui ne?" "Asui" means "hot," "mushi" means "ain't it?" and "mushi" is a universal onomatopoeia that needs no translation; certainly not in a climate where neither mercury nor humidity have fallen below 90 degrees for weeks beyond number.

This begs the reasonable question of how the Japanese who routinely sell kerotense beaters to tourists as well as ice boxes to Eskimos, survive the heat themselves. The answer, typically, is a cliché all too often applied to modern Japan, but no less valid for being that. They do it by a mixture of the old and the new.

For a nation of fish eaters like the Japanese, the classical way of tackling the heat is to consume an eel, which, because it has more vitamins and fat than most fish, is reckoned to provide extra energy. Even modern Japanese still pay great mind to both the old Buddhist calendar and to the signs of the zodiac, which means that there is a period, and even special days, when it is most positively to go to work on an eel (usually split and grilled and often served with grilled intestines on a skewer on the side).

This year, the key span was from July 19 to August 5 and

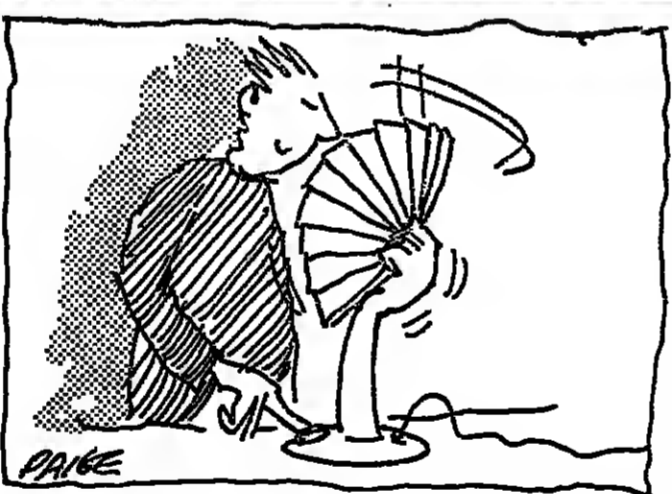
the most desirable single day (known as the day of the nx) fell on July 30. In some years, there are two "nx days," which severely reduces the eel population.

(In this context, it should be pointed out that this article was not written on or intended for April 1 and that the Japanese are genuinely superstitious. The best known modern example of this occurred in 1966 which, the zodiacal signs indicated, would be the worst possible year to have baby daughters; in that year, the national birthrate dropped 19 per cent; in 1967, it rose by 28 per cent.)

Equally popular is the use of the traditional national symbol, the exquisitely designed handheld folding fan, which has easily survived the challenge of pocket-sized powered versions. The abacus, incidentally, has done just as well against the calculator, though the young are said to be forsaking the chopsticks for the knife and fork.

The fan, however, is by no means a female preserve, for even dour salarymen frequently carry and use one. They even go so far as to doff their suit jackets, in unison, of course, which turns the streets of Tokyo into a blinding array of white shirts each lunchtime. Since the fashion-conscious Japanese woman this year is deeply into loose, flowing white outfits, sunglasses are imperative.

The Japanese also believe in an old-fashioned psychological approach to the heat. Summer is the peak period for sales of those charming wind chimes, which tinkle gently in the slightest zephyr. This gives the illusion of a cooling breeze where none exists and presumably summons up images of shady old wooden houses, with sliding paper doors, that the



inhabitants of today's concrete (air-conditioned) boxes may never have experienced. Just as ancient and indisputably modern is the Japanese recourse to beer. In summer the brew, which is good, does not change but the packaging and the ambience do. Cans and bottles sport brightly coloured new labels; one big container of draught beer even has a musical spout (it chirps like a bird) and others come with heat-sensitive strips which shine when the beer is properly cold: beer gift certificates are popular "summer presents"; and beer gardens miraculously appear in previously deserted flat roofs all over the city.

Failing beer, the Japanese like to immerse themselves in water. Unfortunately, this is a country a little short on swimmable beaches and public swimming pools (only the most affluent, in a space-starved nation, run in private ones). Since the Japanese like to do everywhere together at the same time, this tends to render

conditions in available water suitable only for sardines for eels, as one newspaper picture of a big Tokyo pool this week demonstrated, with water barely visible over the press of humanity.

However, mountain air is cooler and Japan does not lack mountains. But the herd instinct is, again, a bit of a problem. Everybody who is anybody in Tokyo, for example, simply must go to Karuzawa, a pleasant hill town about two hours west in Nagano prefecture, first "discovered" incidentally in the last century by an Englishman presumably trying to escape the heat.

The trouble is that since the famous go to Karuzawa, so must the celebrity-watchers, who happen to constitute the greater part of the Japanese population. Mountain breezes can hardly find a way through the human wall.

The ultimate solution in this sort of weather, of course, is to do absolutely nothing and this might be imagined, would be

anathema to the hardworking Japanese.

Just the other day somebody produced yet another earnest survey finding that the typical executive would only be taking 4 1/2 days off this summer.

This, it must be reported, is a complete fiction. This week, for example, the country has to all intents and purposes closed down (the Karuzawa social scene excepted) even though there was no official holiday. Wednesday did see the annual celebration of "obon," the Buddhist festival for departed souls, when Japanese families all reunite and when the Emperor makes one of his rare ceremonial public appearances. Lots of Japanese have made a week's break of it and lots of companies and factories have shut up shop.

And ereo those who are officially at work have something else on their mind, another summer ritual in the shape of the national high school baseball tournament, which is televised from dawn to dusk and is far more popular here than ever the Olympics were. In homes and offices the nation puts its feet up for ten hours, hard viewing, sips its musically poured beer and relives the glories of its own youth. Telephones are not answered, export strategies are not plotted and not many cars are made.

All of which is good for Japan, at least in one sense. The hazy, polluted air that blankets Tokyo in summer miraculously lifted this week. Mount Fuji 60 miles away to the West, was visible, which it normally never is at this time of year. You could almost see the crowds queuing to climb it to get away from the heat.

the human system, but for chemical irregularities — substances which should or should not be present. His NMR spectroscopic simply draws a curve of the particular tissue — muscle, heart, kidney, etc. — he wants to study.

Each tissue has a highly characteristic general shape. What the team is learning is how to interpret the finer nuances of these curves in terms of traces of chemicals which should or should not be there.

In addition to its 40 patients the team uses itself as "controls" to build up its expertise in interpreting the living spectra. It has also explored ingenious techniques of "slicing" tissues electronically so that it knows just what part of a heart or liver it is analysing.

Contributors: Jurek Martin David Fishlock

What makes a heart tick

A few years ago the very idea of popping a patient into a laboratory instrument just like any other chemical sample, to analyse what he is made of, would have sounded preposterous even to a chemist accustomed to thinking of people merely as complex cocktails.

But doctors at Oxford's John Radcliffe Hospital have been doing this with about 40 patients this year. And they have sometimes been able to spot the missing ingredient that is making the patient sick.

mystify the medical world. One of their success stories was a schoolgirl who suffered convulsions and vomiting so badly that she could not go to school. Her doctors knew that she suffered from a brain disorder, but could not explain it. The mystery had baffled her doctors for five years but the scientists solved it in two days. She was lacking a chemical that might be replaced by a treatment as simple as doses of vitamins.

The man behind the idea is a Hungarian-born Oxford professor called George Radda. Aged 47, he holds a unique chair as the British Heart Foundation professor of molecular cardiology. In other words, his speciality is trying to understand the molecules that make the heart tick.

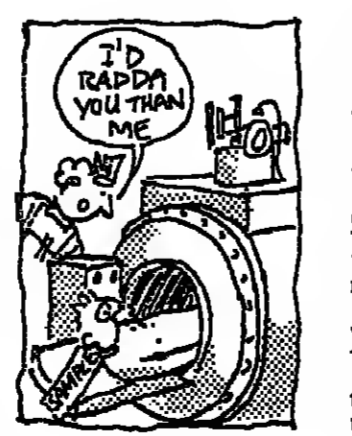
He heads a group of 15 scientists — physicians, physicists, chemists, biologists, physicists — in a newly-built suite of laboratories at the John Radcliffe Hospital.

Radda's satisfaction comes

covered in Britain in 1973. It is to take the response from molecules of water and turn them electronically into an image.

Different tissues contain different amounts of water. So doctors today can examine very sharp NMR images of the insides of their patients safely and without surgical intrusion.

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U.S. group's £420,000 for Shuck company

BY ALEXANDER NICOLL

Clabir, a U.S. holding company, is taking control of Associated Telecommunications from Mr Ron Shuck. It will inject capital into the consumer finance division of the company, but sell the loss-making office equipment and video division back to Mr Shuck for a nominal consideration.

AT was floated on the stock market last year at 100p, and was suspended two weeks ago at 38p. It has published no results since its flotation and Mr Shuck recently struck a conditional deal to sell the company to Mr Hendrik van Eck, the director who runs the finance division.

Mr van Eck brought Clabir into the negotiations, and the outcome is agreement on a price substantially lower than the 45p per share previously set.

Clabir has agreed to buy up

to 1.4m shares, or 43.35 per cent of the company, at 30p each or a total of £420,000. The shares are now mostly owned by Mr Shuck, with a small proportion held by other directors and associates.

The agreement is subject to approval by independent shareholders and relisting of the shares by the Stock Exchange. The Exchange has been involved in the recent talks, and the Take-over Panel has indicated that it expects to waive the requirement for Clabir to make a full bid.

Clabir will underwrite a rights issue raising £1.5m for the consumer finance division, which will be developed as a financial services company with a new name.

Mr van Eck, who will remain

as chief executive, said the consumer finance side is profitable. It provides in-store credit for consumer durables purchases through two units, North Wales Trust, based in Stockport and Portsmouth Finance, based in Portsmouth.

The other half of the company, however, is not currently profitable, according to Mr van Eck. Grouped under Chadwick Investments, of which Mr Shuck has been managing director since 1973, the division distributes office furniture and equipment.

Earlier this year, it launched a video system for use in pubs and clubs. Mr Shuck, who is also chairman of Espley Trust, had previously been chairman of the now-defunct London and Liverpool Trust, which fell foul of a similar video venture.

Chadwick, according to yesterday's announcement, "has been slow to achieve the results expected." When Chadwick is sold back to Mr Shuck by AT for a nominal amount, repayments of inter-company debts will provide AT with about £200,000.

AT will be one of several ventures in the UK for Clabir, which specialises in identifying companies which is considered to have growth potential, obtaining a controlling interest, and providing the resources needed to provide an improved return.

Clabir has been engaged since 1973 in the acquisition, development and flotation of a varied range of businesses. These include General Defence Corporation (33 per cent owned) and the Italy Company (76 per cent owned), both of which are listed on the U.S. stock exchange.

Clabir's earnings increased sharply from \$4.22m to \$9.93m, or from 50.47 to 51.11 per share, in the year ended January 31 1984. Total revenues and other income reached \$63.17m, against \$26.8m.

Clabir International, its UK arm headed by Mr Nicholas Knize, formerly of Morgan Grenfell, owns about 35 per cent of Sheraton Securities, a USM-noted property development company. It holds 83 per cent of Sioava Romana, an oil and gas company which it plans to merge with two U.S. companies.

Clabir holds 23 per cent of FPH, a UK property investment company, and 5 per cent of the English Association, the small merchant banking group.

John Brown says 'no distress divestment'

REFERRING IN his annual statement to the continuing implementation of its corporate plan, Sir John Cuckney, the chairman of John Brown, says the international engineering and construction group has no need to engage in distress divestment of non-core operations. These can now be dealt with in a timely manner to maximise returns, he states.

The bid has been triggered by the completion yesterday of the purchase by Ruslake of a 23.57 stake in London Park built up in recent months by another Asian hotelier, Mr Nazam Virani and his publicly quoted company Belhaven Brewery.

Ruslake exercised options taken out on Virani's 895,000 shares at 340p per share in a deal worth \$3,060. Ruslake, which Mr Virani has a 59 per cent stake, already owns a 29.26

Asian hotelier to bid £13m cash for London Park group

BY CHARLES BATCHELOR

Ruslake Investments, the newly-created company controlled by Mr Nurdin Jivraj, the Asian hotelier, will on Monday announce details of a cash bid worth about £13m for London Park Hotels, formerly the Rowton Hotel group.

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Wholesale Fittings £1m ahead

GROWTH has continued at Wholesale Fittings and profits for the year ended April 27, 1984 have turned out to be a record, showing a 11m advance to £4.95m. The final dividend is set at 4.75p for a net total of 6p, against 5.1p.

The group, which carries no business as a wholesale electrical distributor, opened two additional depots in Kingston-upon-Thames and Southampton during the year. From sales of £23.24m (£20.54m) an operating profit of £3.41m (£3.56m) was earned, and there was bank interest receivable of £512,000 (£365,000).

The directors state that trading conditions continue to be difficult, but turnover for the first quarter of the current year shows an increase compared to the corresponding period last time.

After tax £2.28m (£1.79m) the net profit came out at £2.67m (£2.13m) for earnings of 19.1p (15.2p) per share. On a CCA basis, the net profit was £1.62m (£1.31m) and earnings 11.6p (9.4p).

comment

WF continues to power ahead in the face of unchanged difficult trading conditions. Sales eased slightly in the second half but the company's fleet-tenacity ability to re-organise this hiccup through improved margins—up more than three points on the first half at the pre-tax level—impressed the market and the shares jumped 15p to 32½.

WF's success centres on its strong liquid position which enables it to buy well and sell well. Apart from having the enviable flexibility to take advantage of special deals from suppliers, it can also hold a full stock list. This enables the company to offer a superior level of service to customers—giving a competitive edge that can only lead to greater market share.

The reason why it does so well in the difficult trading environment is that it is an efficient operator in a large and fragmented market. With the company's major so well tuned, the strategy will no doubt be to continue the geographical expansion. On present form, around £5.7m looks possible this year. A prospective P/E of 14.4 on the historical tax charge makes the shares still look just a shade cheap.

Laporte will net £81m from titanium sale

THE SALE by Laporte Industries (Holdings) of its UK and Australian titanium dioxide businesses will be for a cash consideration of some £81m, including the repayment of indebtedness, of which £75m is due on completion. Net costs and expenses are estimated at £3.4m leaving net proceeds of £77.6m, which is £37m in excess of the relevant net book value at Laporte's last balance sheet date.

In a circular giving full

details and their recommendations to shareholders to approve the sale to SCM Corporation of New York, the directors say that to the current year the level of demand for titanium dioxide has increased with some improvement in price, and those factors, together with the continued benefits of rationalisation, has meant that trading results have been running at some 2½ to three times the rate for the whole of 1983.

In that year the pigment business produced profits of £3.6m before interest and tax on sales of £78.5m. At January 1 1984 the book value of assets employed stood at £13.4m. In deciding to sell the directors gave full consideration to the major rationalisations and substantial improvements in productivity which have been achieved in recent years, but decided to keep with the declared policy of seeking to balance the highly capital intensive interests in the group

with those having lower capital requirements.

With regard to current trading of the group, they say 1984 started well and is "continuing in a most satisfactory way." In addition, new businesses are rapidly becoming more important in profit terms.

Fiscal consideration for the sale will depend on completion of an audit of the net current assets which is expected to be finished in early November. S. G. Warburg has advised Laporte in the negotiations.

Profit margins under pressure at Unidare

Profit margins at Unidare came under pressure in the first six months of this year from an increase in raw material costs and competitive selling prices.

Unidare, a Dublin-based manufacturer of electrical cables and transformers, experienced a 15 per cent rise in turnover to £25.42m but only a 7 per cent increase in taxable profits from £560,000 to £620,000. Pre-tax profits as a percentage of sales slipped from 3.89 to 3.62.

Earnings per share rose from 3.11p to 3.51p, reflecting the benefits of the reduction in Corporation Tax and the interim dividend is being lifted by 10 per cent to 2.2p.

Tax payable for the period amounted to £173,000, against £192,000, after which minority interests accounted for 10 per cent of £170,000 and preference dividends took the same at £17,000, to leave an attributable balance of £324,000 (£286,000)—the associate company added £21,000 (£5,000) to the result.

Sales in the current half year have maintained a satisfactory level, 15 per cent up on the comparable period, largely due to success overseas with Unidare's heating, welding, plastic and cable products.

Dura Mill

Profits before tax of Dura Mill, engaged in cotton doubling, man-made fibres and yarn merchandising, fell from £3,972 to £1,766 in the 12 months to end-March 1984.

The result was struck on turnover of £918,319 compared with £799,056. There were no tax credits of £1,400 (charge £638), leaving a net balance of £9,166 (£3,334) equal to earnings of 0.38p (0.14p adjusted) per share. The single final dividend is being effectively held at 0.05p.

Ault & Wiborg returns to the black at halfway

A NEAR £1.4m improvement on the chemicals and printing tasks sides has enabled the Ault & Wiborg group to offset a £665,000 downturn in paints and record a profit of £202,000 in the half year ended June 30 1984, against a loss of £187,000 in the previous year. However, the directors are omitting the latter dividend because of the high level of borrowings.

Future dividends, they say, will depend both on profitability and the overall financial position. For 1983 the company paid an interim of 0.5p net but missed the final, as the loss for the year was £207,000. This year Sun Chemical Corporation, of the U.S., has increased its interest in the Ault & Wiborg capital to over 80 per cent.

Pifco ahead at £1.55m

Pifco Holdings, maker of personal care and electrical appliances, recovered the midway shortfall of £40,000 to finish the year in April 30 1984 with pre-tax profits ahead from £1.24m to £1.55m.

Trading profits for the full year rose by £12,000 to £81,000, before including net investment income up from £65,000 to

£97,000. After tax of £510,000 (£572,000) and an extraordinary credit this time of £159,000 for deferred tax, the net balance came out £27,000 higher at £879,000.

Earnings per 20p share improved by 3.5p to 20.80 and the final dividend is 5.52p (same) net for an unchanged total of 5.32p.

Fleming Japan pays 2.5p

The Fleming Japanese Investment Trust is recommending a final dividend of 2.5p, making 97 per cent of the portfolio is held in Japan.

Gross income for 1983-84 came to £1.26m (£1.43m). Interest took 304,000 (£32,000) and tax £275,000 (£281,000). Earnings were 3.08p (3.51p) per share.

The interim dividend for the current year is also declared, being maintained at 0.5p.

Gaskell turns in £0.47m

Gaskell Broadloom, maker of

Horizon and Grand Met talks end

By Alison Hogan

Horizon Travel, the third largest UK travel company, has ended negotiations with Grand Metropolitan, the leisure group, over a possible tie-up.

"We have decided that we would prefer to remain independent and no further discussions are planned," said Mr Bruce Tanner, the Horizon chairman, yesterday.

GrandMet chairman, Mr Stanley Grinstead, said that they would consider the position, but would require more financial information before deciding whether to proceed with a formal bid for the company.

He said that Horizon's interim figures to May, due on Wednesday, "might be helpful" in determining GrandMet's next move.

Horizon revealed that it had received an approach from GrandMet, which might or might not lead to a bid, at the beginning of the month. GrandMet announced its intention, last year, of expanding its presence to the package tour business.

Horizon's shares fell 183p on news of the breakdown in talks, yesterday, but rose to close unchanged at 175p by the end of the day on hopes that a bid might yet be forthcoming.

Pitney Bowes midterm fall

Start-up costs of marketing new products have depressed the trading results of Pitney Bowes in the first half of 1984. Although sales showed a rise from £21.22m to £23.37m, the pre-tax profit is off by £392,000 at £2.15m.

Trading profit fell from £1.98m to £1.31m, but was cushioned to some extent by an increase from £590,000 to £869,000 in net investment income. After tax £885,000 (£1.29m) (the net profit comes to £1.29m (£1.28m)). The company makes, supplies and services mailing machines, mailing scales, addressing machines and fac-



Sir John Cuckney, chairman of John Brown

ling some non-gas turbine business to use profitably its specialist engineering capacity.

It should also be due course benefit from new technological developments arising from its role as a manufacturing associate of the General Electric Company (USA), Sir John adds.

The chairman confirms that the group will slightly ahead of schedule in a number of respects in implementing its corporate plan. This recovery plan envisages a return to profitability in 1985-86. Group pre-tax losses for the year ended March 31 1984 were cut by £3m to £5.61m, slightly better than the £6m forecast for January at the interim stage.

John Brown is now roughly half way through its disposals programme. Disposals since the year end include withdrawal from the UK machine tool operations and from the major part of the group's engineers' cutting tool operations.

Sir John explains that he is deferring the making of a statement about the group's current year's trading experience until the annual meeting, which is to be held on September 14, at the Great Western Hotel, W, at 10.30 am.

Battle for Munford looms as Tunstall rivals Lep bid

BY ARNOLD KRANSDORFF

A BID BATTLE appears to be on the cards for Munford & White, a security alarm manufacturer which earlier this week agreed terms for a takeover by Lep Group, an international freight forwarding company.

The new approach comes from Tunstall Telecom Group, a communications equipment manufacturer which joined the Unlisted Securities Market in June. Tunstall, which has been in talks with Munford for some time, presently owns just under 1 per cent of Munford.

At last night's closing prices, Tunstall's bid is worth £5.32m, compared with Lep's offer of £4.36m. These offers are based on a Tunstall price of 290p unchanged, a Lep price of 135p, up 9p, and a Munford price up 9p to 134p.

These share price movements have resulted in Tunstall's offer being slightly less than Lep Group's.

The Tunstall offer is on the basis of six of its ordinary shares for every 13 ordinary Munford shares. Full acceptance of the offer would involve the issue of 1.4m new ordinary Tunstall shares.

Tunstall intends that Munford will continue to operate under its own autonomous management as a unit within the group.

The offer will provide it with immediate entry into the rapidly expanding security industry. It says it will enable it "to provide from within its own resources a comprehensive range of information technology-based products and services in the security, access control and fire detection markets both in the UK and overseas." £900,000 cash.

Three Glossop directors will resign once the AAA sale is completed and will receive compensation of £110,000 for the termination of their service contracts.

Glossop discloses reasons behind agreed takeover

Glossop, the road surfacing systems bought by Glossop just over two years ago.

Trading conditions in the past two years, in the public works contracting and road maintenance fields have become increasingly difficult and larger contractors will be better placed to operate profitably, it said.

Roadways profit of £450,000 is before extraordinary charges of £230,000 reflecting rationalisation costs in the south-west region and certain closure costs.

The AAA group profit figure is arrived at before taking into account an extraordinary credit of £320,000, principally reflecting the disposal of Metrocote. AAA is to be sold to its directors for

DIVIDENDS ANNOUNCED				
	Current payment	Date	Corre. of spending	Total
			div. year	for last year
Ault & Wiborg	0.05	—	0.05	0.10
Dura Mill	0.05	—	0.05	0.10
Fleming Japanese	2.5	—	1.5	4.0
Fleming Japanese	0.5	—	0.5	1.0

Reuters flotation enhances Independent News earnings

THE RECENT Reuters flotation bolstered first-half earnings at Independent Newspapers following a virtually static trading result.

Turnover of this Dublin-based publisher of the Irish Independent, Evening Herald and The Kerryman rose from £34.12m to £37.62m over the first six months of 1984, but taxable profits only emerged £32,000 higher at £1.35m.

But with the Reuters share sale, less closure costs of a U.S. magazine and an anticipated loss from a German subsidiary, some £695,000 was added to the result in the form of an extraordinary credit.

Prior to this, earnings per share fell from 8.56p to 5.26p, but shareholders will receive an in-

Link House in free sheet deal

Link House Publications has paid £1.1m in cash for a 31 per cent interest in Yellow Advertiser Newspapers Group (Yang), a leading UK independent free newspaper publisher, which runs 20 papers under the Yellow Advertiser and Informer banners.

Yang has developed a major publishing base in Essex and East London which has, since 1981, been successfully extended to West London and Surrey. Yang has a policy of reinvesting profits into new developments in publishing and has also invested

UK COMPANIES

INTERNATIONAL COMPANIES and FINANCE

RESULTS DUE NEXT WEEK

W. H. Smith & Son (Holdings) forecast during its abortive bid for Martin the Newsagent in May that annualised profits would rise from £26.7m to at least £37.5m in the 12 months to its new year-end to June 2. Analysts believe that the group may even do slightly better than that when it publishes its results on Wednesday. Do it all should at last be making a significant profit, of perhaps £1m, while there should be a strong advance from retailing thanks to the diversification into higher margin products like home computers, where W. H. Smith is the largest retailer in the UK. The City will be watching its record sales closely for any signs of loss of market share to aggressive competitors like Price. Newspaper wholesaling should turn in more or less static profits, while the book club and travel agencies are expected to benefit from an increase in disposable income. A 5.5m net total on the enlarged equity is forecast for the "A" shares, giving an annualised 4.2p.

Blue Circle Industries will incur heavy redundancy costs in the UK this year. It is unclear how they will be apportioned between the two trading periods. For that reason, the City is divided over whether taxable profits for the first half to June will show a small advance or small decline from the previous interim's £48.2m when the group announces its results on Thursday. UK industry-wide volumes were up by 34 per cent in the first half, with prices remaining static. Blue Circle's own UK volumes should have lagged behind that because of its exposure to the depressed Irish, Welsh and Scottish economies. The U.S. contribution should be boosted by last year's acquisition of three plants, and a lively construction industry. The Malaysian subsidiary and Australasian associates have already reported useful profit increases, while Latin American operations should be recovering.

It is all smiles these days in the UK life assurance industry. In contrast to the depression hanging over the general insurance operations, this buoyancy should be reflected in life-company interim figures, due in the next few weeks, starting with Pearl Assurance on Wednesday. Its shareholders' life profits should show a rise of at least one-fifth from £5.3m to £7.5m as the life and pension-funds benefit from strong stockmarkets and past conservative valuations. Poor performance in Pearl's general insurance operations, mainly in UK personal lines, will trim this rise back somewhat, the motor and household accounts being particularly

Warner Communications in talks to ease credit terms

By DAVID BLACKWELL IN NEW YORK

WARNER COMMUNICATIONS, the U.S. entertainment group, is renegotiating its revolving credit agreement with a group of banks led by First National Bank of Boston and Manufacturers Hanover Trust. The group is unable to meet the present terms because of its \$475.5m net loss in the second quarter.

In a quarterly filing with the Securities and Exchange Commission, Warner said it had obtained a waiver that exempts it from the terms of the agreement until the end of September. The existing terms include the maintenance of an acceptable level of debt to equity and retained earnings.

The group's total debt is about twice shareholders' equity. It reported a deficit of \$90.4m in retained earnings for the first half of 1984, compared with retained earnings of about \$490.5m at the end of last year.

Renegotiation of the revolving credit agreement, the group's short-term borrowings are limited to \$550m. It had already borrowed \$440m by August 4.

Warner expects the revolving credit will be renegotiated and said that the limitation on short-term debt would not hurt its operations. It also expects that profits from operations, the sale of other assets and steps to cut costs will reduce its debt.

The group is reported to be talking to two potential buyers for Franklin Mint, its profitable decorative marketing unit, at a price of around \$175m. It is also trying to sell such assets as one of its company planes and a helicopter.

Santos bids for fellow Cooper Basin unit

By Lachlan Drummond in Sydney

SANTOS, the Australian oil and gas company, has launched a \$105m (US\$88m) bid for fellow Cooper Basin oil and gas group, Alliance Oil Development (AOD). Santos obtained 18.9 per cent of AOD after a rush of trading yesterday morning.

AOD, which as well as its Cooper Basin interests has holdings in other prospective oil areas in Western Australia and Queensland, has been considered a takeover candidate since the collapse of its merger proposals with Weeks Australia last year.

Speculation reached fever pitch in recent weeks with the AOD share price rising by 50 per cent to 90 cents on heavy turnover.

Mr Alex Carmichael, chairman of Santos, said the successful acquisition of AOD would further consolidate Santos' interests in the Cooper Basin, while achieving its objective of geographic expansion in its drilling programme. His bid is conditional on 49.9 per cent acceptance of its offer, which allows for AOD to continue as a listed oil explorer should Santos fail to secure full control.

However, the board of AOD said in a statement yesterday that it considers the takeover offer by Santos to be inadequate and recommends that shareholders do not accept. Reuters Reuter from Melbourne.

More than 200 AOD shares were traded on Australian stock exchanges today at the offer price, up six cents on yesterday's close.

Westworth's, the Australian supermarket retail group, pushed up net earnings by 12 per cent to \$518.7m in the six months to July 23 on sales 9.25 per cent higher at \$31.68bn.

The interim dividend is ahead from 4.5 cents to 5.5 cents on earnings per share up from 8.5 cents to 10.6 cents.

ABN cuts dividend as first six months profit slides 25%

By WALTER ELLIS IN AMSTERDAM

ALGEMENE BANK Nederland (ABN), the largest commercial bank in the Netherlands, has cut its dividend following an expected drop in earnings for the first half of this year.

Net profit of Fl 172m (\$53m) was nearly 25 per cent down on first half 1983. The gross result decreased by just under 14 per cent to Fl 395m.

The bank points out that a "fairly sharp" fall in domestic interest margins and a declining contribution from abroad led to the setback. It sees little improvement in the short-term domestically and considers overseas developments—particularly regarding the U.S. dollar—as uncertain. Accordingly, ABN forecasts a lower net profit for 1984 as a whole than the Fl 384m achieved last year.

Provisions against debt showed an improvement—down to Fl 500m for the six months, against Fl 324m to June last year.

In arriving at this level of provision, ABN was taking account of a considerable decrease in risk on the domestic credit side offsetting a growth in concern for overseas debt.

A dividend for the half year of Fl 11 per share has been proposed, against Fl 13 a year ago. Earnings per share, adjusted for capital movements, amount to Fl 20.41, compared with Fl 29.30 for the first six months of 1983 and Fl 18.82 for the second half to December. ABN's chief commercial rival, Amsterdam - Rotterdam Bank (AMRO), has also been under pressure this year, and Rabobank, the major co-operative bank, is also expected to find the going rougher than in 1983.

Air Canada tumbles 67% in second quarter

MONTREAL—Air Canada's profit for the second quarter fell by 67.2 per cent as lower fares offset an 11 per cent increase in passenger traffic.

The state-owned airline reported net income of C\$4.4m (US\$3.4m) in the quarter compared with profit of C\$13.4m in the same period last year. Revenue rose 9 per cent to C\$643.5m from C\$592.3m.

For the first half, the airline's net loss of C\$15.2m compared with a C\$5.1m loss in the same period in 1983. Revenue rose 6.7 per cent to C\$1.2bn from C\$1.12bn.

The year-to-date figures were restated because of changes in depreciation charges for aircraft.

The airline said it expects strong traffic growth to continue but low yields continue to remain a problem.

Earnings at Hydro-Quebec for the first six months of 1984 declined to C\$381m from C\$523m last year, as revenues rose to C\$2.20bn from C\$1.86bn. The province-wide electric utility owned by the Government of Quebec, said depreciation expenses rose 37.2 per cent

Poor demand forces review of Canadian pay television

By BERNARD SIMON IN TORONTO

THE CANADIAN authorities have approved proposals to restructure the country's pay television service into two regional monopolies as part of efforts to reverse the industry's disappointing performance since pay-TV was introduced in February 1983.

The ruling by the Canadian Radio-Television and Telecommunications Commission (CRTC) allows one company, First Choice Canadian Communications Corporation, a monopoly on general interest pay-TV services in Eastern Canada, and another, Allarcom Pay Television of Edmonton, sole rights to services West of Ontario.

These two companies are the only survivors among seven pay-TV licensees originally approved by the CRTC. They have suffered losses of more than C\$40m (US\$30.6m) to date, with losses mounting by C\$2m a month.

Pay-TV has attracted only about 12 per cent of Canadian homes which have installed basic cable television—a penetration well below the forecast at the time pay-TV was launched.

Until now, First Choice and

Turnaround at Air New Zealand

By DAI HAYWARD IN WELLINGTON

AIR NEW ZEALAND has turned in a record net profit for 1983-84 of NZ\$102.4m (US\$51.2m).

For the first time in five years the carrier is reporting an operating profit—of NZ\$79.2m compared with last year's loss of NZ\$32.5m.

The company's achievement to just over half of one per cent to NZ\$901m costs increased by new Trans-Tasman and Pacific Islands services next year. Pro Islands service is carrying a sales earnings NZ\$664m. Inter-earnings were up 38 per cent to NZ\$310m.

Domestic and overseas passenger ticket sales rose, as did income from freight. The load factor went up from 63.5 per cent to 69.3 per cent.

This year's net profit has been achieved without the sale of any surplus aircraft or buildings which helped boost last year's results.

Although the airline is still shedding staff, having reduced staff numbers by more than 18 per cent in the past three years, Mr Norman Geary, chief executive, says hundreds of new jobs will be created when Air New Zealand begins operating its new Trans-Tasman and Pacific Islands services next year. Productivity per employee has risen 60 per cent since 1980.

A vigorous marketing campaign in North America, Europe, Japan and Asia has

Advisory role for Kleinwort in Malaysia

By Wong Sulong in Kuala Lumpur

KLEINWORT BENSON, the UK merchant bank, has been appointed as one of the advisers to the Malaysian Government on the privatisation of Telecoms, the state-owned telecommunications company.

The exercise is of particular importance in that Telecoms, which turns in some U.S.\$300m worth of profits per year, will be the first major entity to be sold to the private sector under Dr Mahathir Mohamad's, the Prime Minister, privatisation policy.

Kleinwort Benson has advised the British Government on the sale of British Aerospace, Cable and Wireless and is currently advising on the privatisation of British Telecom itself.

The other advisers appointed by the Malaysian Government are the Arab-Malaysian Merchant Bank, which is acting as lead financial adviser, and Hanafiah Hassan Mohamed, the large Malaysian accounting firm.

Highveld Steel recovers as sales almost double

By JIM JONES IN JOHANNESBURG

HIGHVELD STEEL and Vanadium, the South African steel and alloys manufacturer, recovers strongly in the six months ended June 30. Turnover almost doubled to R206.2m (\$133.8m) from R108.1m and pre-tax profit increased to R14.2m from R8.6m.

In 1983 total turnover was R281.6m and pre-tax profit R23.3m.

The turnover and profit increases were due to significant production rises of rolled steel products, ferro-alloys and vanadium pentoxide. Steel production increased to 339,179 tonnes from 241,008 tonnes in the first half of 1983, and was against 535,631 tonnes for last year.

The Vantra division, which produces Vanadium pentoxide slag and which had been mothballed for eight months was returned to production in February and was operating at 90 per cent of capacity by the end of June.

In addition the output of the ferro-alloys plants increased substantially. Output of ferro-alloys was 69,128 tonnes in the first half of this year against 24,150 tonnes in the first half of 1983 and 59,303 tonnes for the whole of last year.

Mr Les Boyd, the chairman, is optimistic on immediate prospects. He says that provided there is no deterioration in domestic and export markets, earnings in the second half of this year will approximate to those of the first half.

Mr Boyd adds that higher domestic prices and the weaker rand will increase revenue in the second half.

First-half earnings increased to 19.2 cents a share from 12 cents, and the interim dividend has been raised to 6 cents from 5 cents. In 1983 earnings totalled 32.5 cents and a total dividend of 15 cents was declared.

Highveld is a 50.1 per cent-owned subsidiary of Anglo American Industrial Corporation.

Company	Announcement due	Dividend (q)	Last year	Final	This year
FINAL DIVIDENDS					
Admiral Entertainment	Wednesday	10	2.0	1.5	1.5
Essex, John Associated Companies	Thursday	10	2.0	1.5	1.5
Nova (Jersey) Knit	Friday	2.5	1.5	1.0	1.0
Parsons	Thursday	2.1	4.2	2.1	2.1
Polystyrene Works	Thursday	2.1	4.2	2.1	2.1
Select	Tuesday	—	—	—	—
Smith, W. H. and Son (Holdings)	Wednesday	0.575	2.175	1.5	1.5
Vibrogrid	Monday	2.625	4.875	3.0	3.0
INTERIM DIVIDENDS					
Arvic Trust	Wednesday	—	0.5	—	—
BSA Group	Thursday	0.84	0.9	—	—
Brinford Concrete Machinery	Friday	1.0	2.75	—	—
Sligden Industries	Monday	4.714	5.0	—	—
Struma, T. F. and Co	Wednesday	2.0	4.0	—	—
Bryan Donk Group	Monday	2.0	4.0	—	—
Cadbury Schweppes	Thursday	1.5	3.8	—	—
Cambridge Electronic Industries	Wednesday	1.8	4.2	—	—
Carota International	Thursday	1.8	4.2	—	—
De Beers Consolidated Mines	Tuesday	12.5	37.5	—	—
Dewey Warren Holdings	Tuesday	0.25	0.5	—	—
Emery	Monday	—	—	—	—
Econson (Telefonaktiabelaget LMI)	Thursday	3.5	5.0	—	—
Euro International	Friday	2.5	5.5	—	—
Exxon, Gulf and Continental Group	Wednesday	—	—	—	—
F and C Corporate Trust	Wednesday	1.4	5.2	—	—
Fig Induser	Friday	1.4	5.2	—	—
G. T. Ais (Starling) Fund	Friday	0.28	1.12	—	—
Heath	Wednesday	3.5	5.5	—	—
International Inv. Trust Co of Jersey	Tuesday	3.5	5.5	—	—
Liberty Life Assn. of Africa	Monday	26.0	120.0	—	—
Marshall	Monday	3.0	6.0	—	—
Metal Bulletin	Thursday	2.2	4.4	—	—
Needlers	Thursday	17.1	42.0	—	—
News Industries	Thursday	0.75	2.0	—	—
Owens Corning Fibreglass	Thursday	0.35	0.6	—	—
Parsons	Thursday	0.65	1.3	—	—
Quemana Metal Houses	Thursday	0.65	1.3	—	—
Rentel Group	Thursday	0.65	1.3	—	—
Race Holders	Thursday	1.2	2.4	—	—
Brotham Eastern Investment Trust	Monday	1.5	1.5	—	—
Standard Chartered Bank	Wednesday	0.75	1.5	—	—
Sure Group	Thursday	0.883	2.759	—	—
Unbond	Thursday	2.0	4.0	—	—
Wagon Finance Corporation	Friday	0.883	2.759	—	—
York Mount Group	Thursday	2.0	4.0	—	—
Yorkshire Chemicals	Thursday	1.0	2.0	—	—

Standard Chartered Bank

announces that on and after 20th August 1984 its Base Rate for lending is being decreased from 11% to 10½% p.a.

The interest rate payable on deposit accounts subject to seven days' notice of withdrawal will be decreased from 8% to 7½% p.a.

The interest rate payable on High Interest deposit accounts subject to twenty-one days' notice of withdrawal will be decreased from 9% to 8½% p.a.

WESTAV

SECURITIES (AUSTRALIA) LTD

100 Market Street, Sydney

DELISTING EVERY TUESDAY

As at 14th August 1984

High	99p	101p	+2p	15.0%
Income	(3.75p)			
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Option	(1.5p)			
US\$	88c	93c	+5c	
Option				

LADBROKE INDEX

Based on FT Index

833-537 (-21)

Tel: 01-483 8261

The Royal Bank of Scotland

Base Rate

The Royal Bank of Scotland plc announces that with effect from close of business on 20th August 1984 its Base Rate for lending is being decreased from 11 per cent per annum to 10½ per cent per annum.

Clydesdale Bank PLC

announces that with effect from 20th August 1984, its Base Rate for Lending is being reduced from 11% to 10½% per annum

Standard Chartered

announces that on and after 20th August 1984 its Base Rate for lending is being decreased from 11% to 10½% p.a.

Granville & Co. Limited

Member of NASDLM

27/28 Leaz Lane London EC3R 8EB Telephone 01-621 1212

Over-the-Counter Market

1983-84	Company	Price Change	Gross Yield	P/E
142	120 Acc. Int. Ind. Ord.	136	8.1	8.0
156	117 Ass. Int. Ind. Ord.	142	8.1	8.0
78	55 Airsprung Group	55	6.4	6.3
36	21 Armitage & Rhodes	37	2.9	2.8
162	57 Bardon Hill	126	3.4	2.7
58	45 Bay Technology	45	—	—
201	177 CCL Ordinary	177	12.0	6.6
152	119 CCL 11pc Conv. Pref.	159	13.7	15.2
630	100 Caribonadium Adv. Svs	320	5.7	1.1
242	38 Candace Group	53	—	—
69	45 Deborat Services	68	6.0	9.0
233	75 Frank Horell	233	—	—
205	75 Frank Horell Pr. Ord	205	8.2	6.2
83	25 Fredrick Parker	83	4.3	15.5
39	32 George Blair	37	—	—
80	46 Inc. Precision Casings	87	7.1	13.5
216	234 Jss Inc Services	212	—	—
134	61 Jackson Group	110	4.8	4.5
251	213 James Boulough	217	2.7	6.0
97	67 James Boulough Sp. Pl	95	12.9	19.2
100	96 Lingusphone Ord	95	—	—
435	275 Miniature Holdings NV	439	2.2	2.8
176	54 Moberg Jenkins	179	3.7	10.5
120	61 Torday & Caville	85	—	—
444	385 Trosnan Holdings	441	1.3	4.2
117	17 Under Holdings	117	—	—
92	65 Walter Alvaraz	87	6.8	7.8
276	236 W. S. Yates	272	17.4	7.3

The Merchants Trust PLC

Change of Investment Policy

In his statement accompanying the Trust's interim results (for the six months ended 31 July 1984) the Chairman, Mr Martin Jacob, announced a major change of investment policy.

The Merchants Trust will switch emphasis to income growth and it is anticipated that the resultant portfolio will make it one of the highest yielding investment trusts. The Board will recommend total dividends for the current year and next year of not less than 2.8p and 3.5p, which will provide dividend increases for respective years of 15.7% and 25%.

Interim Results for the six months ended 31st July 1984

Six months ended	31.7.84	31.7.83	Year to 31.1.84
Gross Revenue	£3,328,000	£2,938,000	£5,613,000
Net earnings per ordinary share	1.47p	1.40p	2.43p
Dividend per ordinary share	1.30p	1.00p	2.42p
Net asset value per ordinary share	98.6p	102.6p	107.6p

MANAGERS

KLEINWORT BENSON

INVESTMENT MANAGEMENT

For a copy of the 1984 Report and Accounts and the Interim Report, please write to:

The Secretary, 20 Fenchurch Street, London EC3P 3DB.

A member of the Association of Investment Trust Companies

United Trust & Credit PLC

The Directors of United Trust & Credit PLC, its subsidiary and associated companies, have pleasure in advising that as from 20th August, 1984 their offices will be at:

55 Grosvenor Street, London W1X 9DB

Telephone: 01-499 0223 (8 lines)

Telex: 896691 UTC

CAPITAL STRATEGY FUND LTD

Gartmore Fund Managers Intnl Ltd

8 Caledonia Place, St Helier Jersey, CI - Tel: 0534 27301

Telex: 4192030

Subfunds	Price*	Yield (%)
Sec. Deposit	£1.023	10.25
US\$ Deposit	51.627	10.50
DM Deposit	DMS03	3.75
Yan Deposit	Yen505.2	3.75
SwFr Deposit	SwFr5.010	2.0
North American	US\$1.15	0.5
Japan	51.06	0.6
Pacific Basin	51.06	0.6
Intl. Growth	1.04	0.4
British	£1.01	2.0
Sw. Gilt	£1.08	10.5
Intl. High Bond	51.06	12.0
Yan Con. Bond	Yen100	3.2

* Price at 17/8/84

WORLD STOCK MARKETS

NEW YORK

Table of New York stock market data including various stock prices and indices like DOW JONES and S&P 500.

Stock

Table of individual stock prices and changes for various companies.

WALL STREET

Pressured by profit-taking... Pressured by profit-taking and declining bond prices, Wall Street yesterday gave back some of the morning's gains and was only modestly higher.

CANADA

Stocks continued slightly higher at mid-session although profit-taking cut into gains recorded earlier.

PARIS

Decided to very thin trading... Market observers said the traditional slowdown in activity on the Exchange in August had been more pronounced than in recent years.

AUSTRALIA

Mixed, with market indicators mostly easier, although rises outnumbered falls.

AMSTERDAM

Mixed to higher... International were all higher. A.B.N. Bank fell 1/16 to 2.93 on second half figure.

HONG KONG

Barely steady after a day of quiet and featureless trading.

SINGAPORE

Lower over a broad front on persistent selling and profit-taking, after a steadier opening in moderate trading.

CLOSING PRICES FOR NORTH AMERICA

Table of closing prices for North American stocks.

CANADA

Table of Canadian stock market data.

AUSTRALIA

Table of Australian stock market data.

GERMANY

Table of German stock market data.

NORWAY

Table of Norwegian stock market data.

AUSTRALIA (continued)

Continuation of Australian stock market data.

JAPAN

Table of Japanese stock market data.

INDICES

Table of various stock indices including DOW JONES, S&P 500, and regional indices.

NEW YORK

Table of New York stock market data including various stock prices and indices.

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NEW YORK ACTIVE STOCKS

Table of active New York stocks.

WORLD STOCK MARKETS

Table of world stock market data.

WALL STREET

Pressured by profit-taking... Pressured by profit-taking and declining bond prices, Wall Street yesterday gave back some of the morning's gains and was only modestly higher.

CANADA

Stocks continued slightly higher at mid-session although profit-taking cut into gains recorded earlier.

PARIS

Decided to very thin trading... Market observers said the traditional slowdown in activity on the Exchange in August had been more pronounced than in recent years.

AUSTRALIA

Mixed, with market indicators mostly easier, although rises outnumbered falls.

AMSTERDAM

Mixed to higher... International were all higher. A.B.N. Bank fell 1/16 to 2.93 on second half figure.

HONG KONG

Barely steady after a day of quiet and featureless trading.

SINGAPORE

Lower over a broad front on persistent selling and profit-taking, after a steadier opening in moderate trading.

NOTES - Prices on this page are quoted on the individual exchanges and are based on prices... Excludes dividends, etc. See separate pages for details.

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Sterling eases

Sterling was a little weaker in currency markets yesterday but did not appear to be under any great pressure. A fall of half a point in UK base rates was much in line with market expectations but combined with underlying fears of a renewed dock strike and the continuation of the miners' dispute to push the pound a little weaker. Its trade weighted index closed at 78.5 down from 78.7.

Against the dollar it slipped to \$1.3220-1.3230, a fall of 50 points from Thursday's close. It was weaker against the Danish at DM 3.8725 from DM 3.7925 and FFR 11.6250 from FFR 11.6350. The dollar finished slightly firmer in London on Thursday.

OTHER CURRENCIES

Table of other currencies including Argentina, Australia, Austria, Belgium, Brazil, Canada, Denmark, France, Germany, Greece, Hong Kong, India, Italy, Japan, Korea, Luxembourg, Malaysia, New Zealand, Norway, Saudi Arabia, Singapore, South Africa, Switzerland, Taiwan, Thailand, UK, and USA.

THE POUND SPOT AND FORWARD

Table showing pound spot and forward rates for various countries including USA, UK, Canada, Denmark, France, Germany, Greece, Hong Kong, India, Italy, Japan, Korea, Luxembourg, Malaysia, New Zealand, Norway, Saudi Arabia, Singapore, South Africa, Switzerland, Taiwan, Thailand, and USA.

THE DOLLAR SPOT AND FORWARD

Table showing dollar spot and forward rates for various countries including USA, UK, Canada, Denmark, France, Germany, Greece, Hong Kong, India, Italy, Japan, Korea, Luxembourg, Malaysia, New Zealand, Norway, Saudi Arabia, Singapore, South Africa, Switzerland, Taiwan, Thailand, and USA.

Rates cut

UK base rates were reduced to 10 1/2 per cent yesterday from 11 per cent, following a further 1/2 point reduction in Bank of England money market dealing rates. The fall was the minimum expected, with another reduction likely to hinge on the UK clearing banks' base lending rate 10 1/2 per cent (since August 20).

Market rates were little changed from Thursday, having already discounted a fall to base rates. Three-month interbank money was quoted at 10 1/2-10 3/4 per cent compared with 10 1/2-10 3/4 per cent while three-month eligible bank bills were bid at 10 1/2-10 3/4 per cent. Week-end interbank money traded between 1 1/2 per cent and 1 3/4 per cent.

MONEY MARKETS

LONDON MONEY RATES

Table of London money rates including Sterling, Interbank, Local Authority, Treasury, and Discount Houses.

FT LONDON INTERBANK FIXING

Table of FT London interbank fixing rates for various terms and currencies.

EURO-CURRENCY INTEREST RATES

Table of Euro-currency interest rates for various currencies and terms.

EXCHANGE CROSS RATES

Table of exchange cross rates for various currencies.

COMMODITIES AND AGRICULTURE

Weekly price changes

Table of weekly price changes for various commodities.

Review of the week

Review of the week's market activity, including commodity and agricultural prices.

American markets

Summary of American market news, including oil prices and agricultural reports.

Soviet buying rumour lifts sugar market

By OUR COMMODITIES STAFF. The London futures market and the December position finished £30 up at £1,684.50 a tonne, modest falls yesterday.

BASE METALS

Base metals market summary, including copper, nickel, and tin prices.

WHEAT

Wheat market summary, including price changes and supply concerns.

POTATO

Potato market summary, including price changes and supply reports.

LONDON OIL

London oil market summary, including spot and futures prices.

GAS OIL FUTURES

Gas oil futures market summary, including price changes.

COFFEE

Coffee market summary, including price changes and supply news.

INDICES

Table of various financial indices including FTSE 100, DOW JONES, and others.

LONDON OIL SPOT PRICES

Table of London oil spot prices for various grades.

LEAD

Lead market summary, including price changes.

COCOA

Cocoa market summary, including price changes.

POTATOES

Potatoes market summary, including price changes.

GOLD MARKETS

Gold market summary, including price changes and market activity.

LONDON FUTURES

Table of London futures prices for various commodities.

ZINC

Zinc market summary, including price changes.

SOYABEAN MEAL

Soyabean meal market summary, including price changes.

ALUMINIUM

Aluminium market summary, including price changes.

GRAINS

Grains market summary, including price changes.

SUGAR

Sugar market summary, including price changes.

WHEAT

Wheat market summary, including price changes.

LONDON STOCK EXCHANGE

MARKET REPORT

RECENT ISSUES

Expected cuts in base lending rates materialise but gilt-edged market unresponsive

Account Dealing Deals
Option
First Declara- Last Account
Dealing Deals Day
July 30 Aug 9 Aug 10 Aug 20
Aug 13 Aug 30 Aug 31 Sept 10
Sept 11 Sept 24
New-time deals may take
place from 9.30 am two business days
earlier.

Hopes of lower interest rates were fulfilled yesterday but the news found London stock markets in an unresponsive mood. Leading shares struggled for much of the day to regain their poise after the previous session's shake-out. Government stocks, meanwhile, hit a technical setback which involved professional cash selling against futures market positions, and went lower.

NatWest initiated the expected move to cheaper borrowing costs soon after the authorities had again cut money market dealing rates by another 1 percentage point to the common level of 10 per cent.

Ahead of the first announcement of the Government's new tax pack, 30-year Treasury 10 per cent Government 1982, at £30; it then withdrew the price to a higher bid. The market realised with some disappointment that demand was not sufficient to exhaust official supplies and gilt-edged quotations reacted at professional operators decided to wind up, open, cross positions with the futures market.

Longer gilt maturities quickly went lower prior to rallying late and settling around 4 or so down on a session generally quieter than for some time. The shorts were more resilient and regained small early losses to close higher on balance. Indexed issues also made scattered improvements, despite last month's RPI: this showed the annual rate of UK inflation at an unexpectedly low 4.5 per cent.

Equity traders remained wary of the UK labour situation. Business was light and the focus of an extended Account, which covers the August bank holiday, came to an unexciting close. Speculative business also declined although some bid favourites found support, including Rowntree Mackintosh. Less than two points up at the first five hourly calculations, the FT Industrial Ordinary share index drifted back late to close 4.2

points up at 838.3; on the week the index was eight points lower.

Life insurers firm

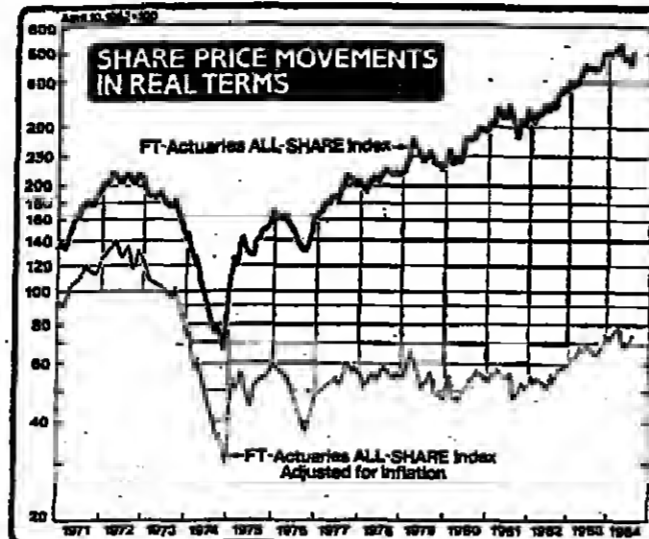
Life insurers took a distinct turn for the better following a reassessment of the recently published new business figures. Ahead of the interim dividend season, which opens in earnest next Wednesday with half-year figures from Pearl, the latter rose 15 in 883p. Britannic, which recently announced a 15 per cent interim dividend increase, gained 10 to 820p, while Legal and General moved up 12 in 520p and Prudential 15 to a 1984 peak of 325p. Equity and Law rose on 9 to 182p and London and Manchester 5 390p, while Sun Life 850p, and Refuge 480p, gained 7 apiece. After Thursday's flurry of activity in the wake of Royal's half-firm, Compagnie Financiere was subdued. Royal's returns were the previous day's gain of 22, at 472p.

The major clearing banks held up well despite the latest round of base rate cuts. NatWest, a dull counter this week following weakness in the new 10-year shares, slipped a couple of pence to 460p; the one nil-paid premium, 30 down on Wednesday's opening inquest among Merchant Banks, Hill Samuel remained a firm market net taker and touched 290p prior to closing a couple of pence dearer and 40 higher on the week at 290p.

Leading Breweries were again heaped and it was left to selected regionals to make the ruozing; sentiment in the latter was also buoyed by talk of a merger review in the offing. Wolverhampton and Dudley, firm recently following publicity given to the company's expansion plans, attracted persistent enquiries and rose 16 for a week's gain of 26 to 238p. Similar reasons boosted Midlands rival Watsons 5 to 58p.

Food manufacturers were again mixed, 22 up, 22 down, and 217p, improved 20p respectively. "Martell" and "de Kuyper" shippers Matthew Clark rose 6 more to 383p for a gain of 25 over the five-day period.

Leading Buildings were idle and featureless, but secondary issues displayed a couple of firm spots including Vibroplant, which improved 3 to 133p availing Monday's annual statement. Industrial Ordinary share index drifted back late to close 4.2



absence of interest before pick-up, up to close 2 dearer on balance at 594p. Among other Chemicals, Blagden Industries attracted support ahead of Monday's interim results and firmed 6 to 114p. Florin coverings concern James Habstead, recently the subject of an abortive bid from British Syphon, gained 6 to 67p. Elsewhere, Ciba Geigy 8 per cent 1981-84 rose 43 points to 2272 and the 51 per cent convertible moved 22 points to £243, both on Swiss advices.

Leading Stores finished the first leg of the long Account on a subdued note, sentiment still being unsettled by a 1.25 per cent decline in provisional retail sales for July. Woolworth, additionally hit this week by a bid denial from Burton, shed 3 in 510p. Even House of Fraser, which had bucked the disappointing trend for much of the week, succumbed to scalpers' profit-taking and eased 4 to 272p - still up to since Monday.

Similarly lacklustre conditions prevailed among secondary Stores. Waring and Gillow were again unimpressive, dipping to a 1984 low of 70p before rallying to close only 3 off on balance at 79p. In contrast, bid speculation in 1985 Newsagents refused to subside and advanced 6 more to a high of 320p. J. H. Fenner closed 4 dearer at 280p following Thursday's London launch of the "Next" menswear chain. Others to respond to speculative interest included Moss Bros 10 up at 335p, and Ward White, 4 better at 125p.

Wholesale Fittings up

Electricals provided several good features. Wholesale Electricals stood out with a rise of 13 to 320p in response to good preliminary figures, while speculative demand in a restricted market left Telephone Rentals 20 higher at 210p. Musford and White moved up late to 134p for a rise of 9 on news of the counter-offer from Tunistal Telecom; the latter held at 290p. S. Rivlin, a particularly good market recently on talk of an assets injection, hardened 2 further to 108p. A.G.B. Research, 7 better at 153p, took a turn for the better after previous day's fall of 22 in disappointment with the preliminary figures. Chubb came to life late on a flurry of buying, which accompanied a counter-bid, and finished 11 dearer at 270p.

Following the Board's rebuff of Grand Metropolitan's bid approach, Horizon Travel reacted to 183p, but the price soon retracted to steady around 170p, in which was attributable to country sources, and advanced 4 to 81p. Elsewhere, Lex Service attracted late interest to finish 8 up at 333p.

Met Holdings attracted another lively trade and finished 200p before settling 2 cheaper on balance at 195p on confirmation that entrepreneur Dr Murray had bought a 20 per cent stake in the company. Among Properties, publicity given to a broker's circular helped Peri Holdings rise 5 in a 1984 peak of 258p. Demand was also forthcoming for United Real, 10 higher at 540p, and Lamy, 5 firmer at 320p.

ings, 8 dearer at 322p, continued to respond to the recent preliminary figures, while the half-year profits recovery left East Africa (British) 5 to the good at 113p. Leading issues were inclined harder, with Hawker firming 7 to 435p following the lapsing of its offer for J. H. Fenner.

Fonds ended the week on an extremely firm note with take-over favourites led by the fore. Rowntree Mackintosh, rumoured to be on several overseas companies' shopping lists, attracted persistent speculative support and gained 14 to a 1984 peak of 322p. Broke Bond, in receipt of a bid from Tate and Lyle, put 0 4 to 117p on counter bid hopes. Rate rose 8 to 373p. Cadbury Schweppes attracted support and firmed 3 to 538p ahead of Thursday's interim results.

Grand Metropolitan, under pressure recently because of the company's warning of a possible U.S. cigarette war, rallied 6 to 304p. Ladbroke shed 3 for a two-day fall of 10 to 210p; the interim results are due on August 30.

Metal Box improve

Leading miscellaneous industrial encountered selective demand. Metal Box were noteworthy for a rise of 10 in 206p, while similar improvements were recorded in Applied Electronics, Glaxo, 835p. Reed International firmed 6 to 46p. Elsewhere, Polly Peck came to life as buyers showed interest and put on 19 to 253p; Carwell was 15 to the good at 220p. Press mentioned simulated interest in Sildaw, up 12 at 382p, but J. H. Fenner reacted 6 to 120p following Thursday's late lapsing of its offer. Applied Computer Techniques, still reflecting the recent Hong Kong deal, rose 15 to 240p. Harvey and Thompson gained 5 to 106p, while I. D. and S. Rivlin, a particularly good market recently on talk of an assets injection, hardened 2 further to 108p. A.G.B. Research, 7 better at 153p, took a turn for the better after previous day's fall of 22 in disappointment with the preliminary figures. Chubb came to life late on a flurry of buying, which accompanied a counter-bid, and finished 11 dearer at 270p.

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Australians attracted a good deal of support following Santos' 90 cents a share bid for Alliance Oil Development, in which Santos already holds a stake of around 30 per cent. Alliance rose 6 to 60p, equivalent to around 94 cents, but Santos fell to 40p prior to closing a net 8 lower at 406p. Other Australians to move higher included Claremont Petroleum, widely regarded as a prime takeover target, which added 4 at 110p. Bridge Oil, which recently increased its holding in Santos to around 14.51 per cent, put on 5 to 180p.

Second-line UK issues were highlighted by Cliff Oil, 7 firmer at 72p, and Southwest Resources, up 5 more to 80p, the latter on further consideration of the recent exploration deal in Thailand. Ireland's Atlantic Resources jumped 8 to 73p and Aran Energy 5 to 56p, after 57p.

Gold advance

Gold and related sectors of mining markets closed the week on a firm note as the bullion price held above the \$350 level prior to the recent consecutive trading day prior to closing a net 75 cents easier on balance at \$351.5 an ounce.

The continuing steadiness of the metal price encouraged persistent small buying interest throughout South African Golds which continued into the afternoon trade. Consequently many stocks closed with substantial gains and the Gold Mines index advanced 17.0 to 578.5 - its best level since early July and a weeks gain of 21.6.

A number of the cheaper priced issues were particularly wanted, especially Unisel, 40 up at 76p, Welkom, which rose 31 to 571p, and Ekangbong which jumped 15 to 280p.

Top quality stocks provide firm features in Randfontein, 534 to the good, at £801, Southvaat, 1 higher at £371 and President Brand, 14 better at £291. Winkbank, 4 firm market throughout the week moved up almost a point to £301.

Demand for Gold shares spilled over into South African Financials where De Beers rose 10 to 466p in front of the interim results expected on Tuesday. Gebel Investments put on a half-point to £10 following the preliminary results, while Anglo continued to attract Johannesburg support and closed a like amount better at £161.

Impala Platinum hardened 1 more to £143, a rise of £14 on the week following the steadily increased profits and dividend announced on Monday.

London-based P.L.A.A.C.I.A.I.s looked vulnerable in early dealings but rallied well during the afternoon, closed with modest overall gains.

Australians remained a quiet market and were overshadowed by the burst of activity in downward bias. Peko-Wednes rose 6 to 310p in the wake of the increased dividend payment from Energy Resources Australia in which Peko holds a 5 per cent interest.

Once again, lacklustre conditions in the underlying securities precluded demand for Traded Options which attracted only 2,375 contracts, the lowest total since 24th December 1983. Business was transacted in new-counter Jaguar which made an encouraging debut recording 893 calls, with the December 1984 and 1985 accounts for 349 trades, and 24 trades respectively, and 387 puts.

From August 11 in most cases,

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, The Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS	Fri Aug 17 1984		Thurs Aug 16		Wed Aug 15		Tues Aug 14		Mon Aug 13		Year Ago (approx.)		High		Low	
	Index	Change	Index	Change	Index	Change	Index	Change	Index	Change	Index	Change	Index	Change	Index	Change
1 CAPITAL GOODS (204)	501.39	+0.2	10.10	3.90	12.42	508.35	505.30	507.84	505.96	471.88	533.85	27.3	454.70	127	533.15	131.274
2 Building Materials (23)	456.91	+0.4	14.05	5.24	4.77	455.80	457.12	461.15	462.11	454.63	437.51	27.9	492.12	127	537.51	274.04
3 Contracting (30)	674.10	-1.2	14.52	5.61	8.78	674.42	673.62	675.35	672.58	714.22	714.28	29.4	642.70	197	631.91	193.83
4 Electricals (14)	134.15	+0.1	18.52	4.77	12.04	134.38	135.74	135.26	135.15	137.60	138.23	2.9	139.29	137	139.29	136.83
5 Electronics (62)	248.11	+0.7	11.49	4.95	18.63	248.34	249.12	251.13	248.00	264.45	254.74	27.4	212.79	171	235.24	174.64
6 Metals and Metalworking (52)	184.93	+1.4	12.67	7.08	9.70	182.29	185.87	184.42	184.71	184.82	209.74	13.9	162.97	127	209.74	193.04
7 Motors (13)	121.40	-1.3	10.31	5.44	-	119.88	120.49	119.84	119.84	119.84	126.66	2.9	112.73	127	126.66	121.97
8 Other Industrial Materials (17)	676.87	+0.3	6.33	3.62	17.98	676.88	674.64	678.22	683.18	533.34	3.5	592.04	137	712.82	375.08	151.67
9 Chemicals (23)	514.39	+0.1	13.36	4.36	4.36	514.39	514.39	514.39	514.39	514.39	514.39	2.9	514.39	127	514.39	514.39
10 Breweries and Distillers (2)	462.11	+0.7	12.71	9.63	5.18	462.11	462.11	462.11	462.11	462.11	462.11	2.5	462.11	127	462.11	462.11
11 Food Manufacturing (22)	393.95	+1.5	14.26	5.25	6.27	393.95	393.95	393.95	393.95	393.95	393.95	12.7	393.95	127	393.95	393.95
12 Food Retailing (12)	119.80	+1.0	7.34	2.68	17.94	119.80	119.80	119.80	119.80	119.80	119.80	10.2	119.80	102	119.80	119.80
13 Real Estate and Property (10)	847.04	+0.7	5.74	2.79	20.78	847.04	847.04	847.04	847.04	847.04	847.04	10.8	798.26	47	847.04	847.04
14 Leisure (22)	329.17	+0.2	8.32	13.91	8.32	329.17	329.17	329.17	329.17	329.17	329.17	2.9	329.17	127	329.17	329.17
15 Newspapers, Publishing (13)	1308.62	+0.3	8.15	4.18	15.91	1308.62	1308.62	1308.62	1308.62	1308.62	1308.62	2.5	1308.62	127	1308.62	1308.62
16 Packaging and Paper (13)	245.64	+0.1	14.33	5.61	8.07	245.64	245.64	245.64	245.64	245.64	245.64	2.5	245.64	127	245.64	245.64
17 Textiles (19)	434.13	-0.1	7.78	13.62	434.13	434.13	434.13	434.13	434.13	434.13	1.6	434.13	127	434.13	434.13	
18 Transport (13)	264.81	-0.1	13.71	3.05	8.34	264.81	264.81	264.81	264.81	264.81	264.81	3.7	264.81	127	264.81	264.81
19 Other Consumer (5)	498.42	+0.2	16.86	8.83	13.91	498.42	498.42	498.42	498.42	498.42	498.42	3.5	498.42	127	498.42	498.42
20 OTHER GROUPS (86)	432.52	+0.2	10.78	4.74	11.59	432.52	432.52	432.52	432.52	432.52	432.52	2.7	432.52	127	432.52	432.52
21 Chemicals (17)	597.72	+0.3	14.74	5.27	8.65	597.72	597.72	597.72	597.72	597.72	597.72	1.7	597.72	127	597.72	597.72
22 Other Industrial (41)	339.77	+0.2	8.46	5.67	4.22	339.77	339.77	339.77	339.77	339.77	339.77	3.1	339.77	127	339.77	339.77
23 Shipping and Transport (13)	839.77	-0.1	8.77	13.14	8.69	839.77	839.77	839.77	839.77	839.77	839.77	2.5	839.77	127	839.77	839.77
24 Miscellaneous (22)	533.62	-	8.53	3.70	14.25	533.62	533.62	533.62	533.62	533.62	533.62	1.7	533.62	127	533.62	533.62
25 INDUSTRIAL GROUPS (66)	306.21	+0.3	10.59	4.28	11.25	306.21	306.21	306.21	306.21	306.21	306.21	3.5	306.21	127	306.21	306.21
26 Oils (17)	104.94	+0.1	14.26	6.63	8.71	104.94	104.94	104.94	104.94	104.94	104.94	2.5	104.94	127	104.94	104.94
27 SHARE INDEX (300)	308.61	+0.3	11.19	4.44	11.10	308.61	308.61	308.61	308.61	308.61	308.61	2.7	308.61	247	308.61	132.774
28 FINANCIAL GROUP (120)	381.85	+0.3	-	5.81	-	381.85	381.85	381.85	381.85	381.85	381.85	3.5	381.85	127	381.85	381.85
29 Banks (6)	456.91	+0.4	14.05	5.24	4.77	456.91	457.12	461.15	462.11	454.63	437.51	27.9	492.12	127	537.51	274.04
30 Insurance (16)	436.20	-0.1	7.02	4.36	4.36	436.20	436.20	436.20	436.20	436.20	436.20	2.9	436.20	127	436.20	436.20
31 Discount Houses (6)	436.20	-0.1	7.02	4.36	4.36	436.20	436.20	436.20	436.20	436.20	436.20	2.9	436.20	127	436.20	436.20
32 Overseas (2)	276.13	+0.1	6.47	-	-	276.13	276.13	276.13	276.13	276.13	276.13	1.4	276.13	127	276.13	276.13
33 Insurance Companies (9)	276.13	+0.1	6.47	-	-	276.13	276.13	276.13	276.13	276.13	276.13	1.4	276.13	127	276.13	276.13
34 Insurance Brokers (6)	825.26	+0.6	9.00	4.10	15.96	825.26	825.26	825.26	825.26	825.26	825.26	1.7	825.26	127	825.26	825.26
35 Merchant Banks (12)	283.99	+0.2	-	5.09	-	283.99	283.99	283.99	283.99	283.99	283.99	1.4	283.99	127	283.99	283.99
36 Property (3)	283.99	+0.2	-	5.09	-	283.99	283.99	283.99	283.99	283.99	283.99	1.4	283.99	127	283.99	283.99
37 Other Financial (10)	598.44	+0.1	11.50	5.13	5.13	598.44	598.44	598.44	598.44	598.44	598.44	2.7	598.44	127	598.44	598.44
38 Investment Trusts (10)	307.41	-	3.07	-	-	307.41	307.41	307.41	307.41	307.41	307.41	1.6	307.41	127	307.41	307.41
39 Mining Companies (14)	280.99	+0.8	10.80	5.33	12.80	280.99	280.99	280.99	280.99	280.99	280.99	2.7	280.99	127	280.99	280.99
40 Shipping Traders (14)	264.81	-0.1	10.33	4.91	12.89	264.81	264.81	264.81	264.81	264.81	264.81	2.5	264.81	127	264.81	264.81
41 ALL-SHARE INDEX (202)	308.															

INSURANCE, OVERSEAS & MONEY FUNDS

Table of insurance and fund data, including National Provident Institution, Life Assurance Co. of Pennsylvania, and various fund listings.

Table of insurance and fund data, including Sava & Prosper Group, Target Life Assurance Co. Ltd., and various fund listings.

Table of insurance and fund data, including G.A.L. Investments (IOM) Ltd., Gendler Henderson Mgmt. Ltd., and various fund listings.

Table of insurance and fund data, including Stronghold Investment Limited, TSB Trust Funds (G.I.), and various fund listings.

OFFSHORE AND OVERSEAS

Text describing offshore and overseas services, including Fidelity International, The English Assurance, and various fund listings.

Money Market Trust Funds

Table listing Money Market Trust Funds with columns for fund name, value, and other details.

Money Market Bank Accounts

Table listing Money Market Bank Accounts with columns for bank name, account type, and interest rate.

Money Market

Table listing Money Market products and services, including various bank accounts and investment options.

Additional text and notes at the bottom right of the page, including a small table and descriptive text.

FT LONDON SHARE INFORMATION SERVICE

2 Day Management Training Programmes

Time Manager International

Senior Manager
Team Manager
Project Manager

Author: James G. Thompson, M.A., Director
Southsea, West Sussex. 0253 825454

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

High	Low	Stock	Price	% Chg	Yield	Div	Yield
100	100	100	100	100	100	100	100
100	100	100	100	100	100	100	100

Five to Fifteen Years

High	Low	Stock	Price	% Chg	Yield	Div	Yield
100	100	100	100	100	100	100	100
100	100	100	100	100	100	100	100

Over Fifteen Years

High	Low	Stock	Price	% Chg	Yield	Div	Yield
100	100	100	100	100	100	100	100
100	100	100	100	100	100	100	100

Undated

High	Low	Stock	Price	% Chg	Yield	Div	Yield
100	100	100	100	100	100	100	100
100	100	100	100	100	100	100	100

Index-Linked

High	Low	Stock	Price	% Chg	Yield	Div	Yield
100	100	100	100	100	100	100	100
100	100	100	100	100	100	100	100

INT. BANK AND O'SEAS GOVT STERLING ISSUES

High	Low	Stock	Price	% Chg	Yield	Div	Yield
100	100	100	100	100	100	100	100
100	100	100	100	100	100	100	100

CORPORATION LOANS

High	Low	Stock	Price	% Chg	Yield	Div	Yield
100	100	100	100	100	100	100	100
100	100	100	100	100	100	100	100

COMMONWEALTH AND AFRICAN LOANS

High	Low	Stock	Price	% Chg	Yield	Div	Yield
100	100	100	100	100	100	100	100
100	100	100	100	100	100	100	100

LOANS Building Societies

High	Low	Stock	Price	% Chg	Yield	Div	Yield
100	100	100	100	100	100	100	100
100	100	100	100	100	100	100	100

Public Board and Ind.

High	Low	Stock	Price	% Chg	Yield	Div	Yield
100	100	100	100	100	100	100	100
100	100	100	100	100	100	100	100

Financial

High	Low	Stock	Price	% Chg	Yield	Div	Yield
100	100	100	100	100	100	100	100
100	100	100	100	100	100	100	100

FOREIGN BONDS & RAIS

High	Low	Stock	Price	% Chg	Yield	Div	Yield
100	100	100	100	100	100	100	100
100	100	100	100	100	100	100	100

AMERICANS

High	Low	Stock	Price	% Chg	Yield	Div	Yield
100	100	100	100	100	100	100	100
100	100	100	100	100	100	100	100

BEERS, WINES—Cont.

High	Low	Stock	Price	% Chg	Yield	Div	Yield
100	100	100	100	100	100	100	100
100	100	100	100	100	100	100	100

BUILDING INDUSTRY, TIMBER AND ROADS

High	Low	Stock	Price	% Chg	Yield	Div	Yield
100	100	100	100	100	100	100	100
100	100	100	100	100	100	100	100

DRAPERY & STORES—Cont.

High	Low	Stock	Price	% Chg	Yield	Div	Yield
100	100	100	100	100	100	100	100
100	100	100	100	100	100	100	100

ENGINEERING—Continued

High	Low	Stock	Price	% Chg	Yield	Div	Yield
100	100	100	100	100	100	100	100
100	100	100	100	100	100	100	100

INDUSTRIALS (Miscel.)

High	Low	Stock	Price	% Chg	Yield	Div	Yield
100	100	100	100	100	100	100	100
100	100	100	100	100	100	100	100

CANADIANS

High	Low	Stock	Price	% Chg	Yield	Div	Yield
100	100	100	100	100	100	100	100
100	100	100	100	100	100	100	100

BANKS, HP & LEASING

High	Low	Stock	Price	% Chg	Yield	Div	Yield
100	100	100	100	100	100	100	100
100	100	100	100	100	100	100	100

CHEMICALS, PLASTICS

High	Low	Stock	Price	% Chg	Yield	Div	Yield
100	100	100	100	100	100	100	100
100	100	100	100	100	100	100	100

FOOD, GROCERIES, ETC

High	Low	Stock	Price	% Chg	Yield	Div	Yield
100	100	100	100	100	100	100	100
100	100	100	100	100	100	100	100

DRAPERY AND STORES

High	Low	Stock	Price	% Chg	Yield	Div	Yield
100	100	100	100	100	100	100	100
100	100	100	100	100	100	100	100

ENGINEERING

High	Low	Stock	Price	% Chg	Yield	Div	Yield
100	100	100	100	100	100	100	100
100	100	100	100	100	100	100	100

HOTELS AND CATERERS

High	Low	Stock	Price	% Chg	Yield	Div	Yield
100	100	100	100	100	100	100	100
100	100	100	100	100	100	100	100

BEERS, WINES & SPIRITS

High	Low	Stock	Price	% Chg	Yield	Div	Yield
100	100	100	100	100	100	100	100
100	100	100	100	100	100	100	100

ENGINEERING

High	Low	Stock	Price	% Chg	Yield	Div	Yield
100	100	100	100	100	100	100	100
100	100	100	100	100	100	100	100

HIRE PURCHASE, LEASING, ETC

High	Low	Stock	Price	% Chg	Yield	Div	Yield
100	100	100	100	100	100	100	100
100	100	100	100	100	100	100	100

BEERS, WINES & SPIRITS

High	Low	Stock	Price	% Chg	Yield	Div	Yield
100	100	100	100	100	100	100	100
100	100	100	100	100	100	100	100

ENGINEERING

High	Low	Stock	Price	% Chg	Yield	Div	Yield
100	100	100	100	100	100	100	100
100	100	100	100	100	100	100	100

HOTELS AND CATERERS

High	Low	Stock	Price	% Chg	Yield	Div	Yield
100	100	100	100	100	100	100	100
100	100	100	100	100	100	100	100

BEERS, WINES & SPIRITS

High	Low	Stock	Price	% Chg	Yield	Div	Yield
100	100	100	100	100	100	100	100
100	100	100	100	100	100	100	100

ENGINEERING

High	Low	Stock	Price	% Chg	Yield	Div	Yield
100	100	100	100	100	100	100	100
100	100	100	100	100	100	100	100

HOTELS AND CATERERS

High	Low	Stock	Price	% Chg	Yield	Div	Yield
100	100	100	100	100	100	100	100
100	100	100	100	100	100	100	100

W. B. & S.

INDUSTRIALS—Continued

Table of industrial stocks including companies like British Petroleum, Shell, and ICI, with columns for stock price, price change, and volume.

LEISURE—Continued

Table of leisure-related stocks such as British Airways, British Telecom, and British Gas.

PROPERTY—Continued

Table of property and real estate stocks including British Land and various regional property trusts.

INVESTMENT TRUSTS—Cont.

Table of investment trusts such as British American Investment Trust and various international funds.

OIL AND GAS—Continued

Table of oil and gas stocks including BP, Shell, and various independent producers.

MINES—Continued

Table of mining stocks including Anglo American, De Beers, and various gold and copper producers.

Advertisement for John Foord, a stockbroker, featuring a large graphic of a person's face and contact information.

MOTORS, AIRCRAFT TRADES

Table of motor and aircraft trade stocks including Rover, Jaguar, and various aircraft manufacturers.

Commercial Vehicles

Table of commercial vehicle stocks such as Leyland and various truck manufacturers.

Components

Table of component stocks including various automotive and industrial parts suppliers.

Garages and Distributors

Table of garage and distributor stocks such as various car rental and service companies.

SHIPPING

Table of shipping stocks including various shipping lines and port authorities.

SHOES AND LEATHER

Table of shoes and leather goods stocks such as various footwear manufacturers.

SOUTH AFRICANS

Table of South African stocks including various local companies and mining interests.

NEWSPAPERS, PUBLISHERS

Table of newspaper and publishing stocks such as News International and various media companies.

PAPER, PRINTING ADVERTISING

Table of paper, printing, and advertising stocks including various media and service providers.

TEXTILES

Table of textile stocks such as various clothing and fabric manufacturers.

TOBACCO

Table of tobacco stocks including various tobacco companies.

TRUSTS, FINANCE, LAND

Table of trusts, finance, and land-related stocks such as various investment vehicles.

OVERSEAS TRADERS

Table of overseas trader stocks including various international trading companies.

PLANTATIONS

Table of plantation stocks such as various rubber and sugar producers.

INSURANCES

Table of insurance stocks including various insurance companies.

PROPERTY

Table of property stocks such as various real estate investment trusts.

INVESTMENT TRUSTS

Table of investment trusts including various international and domestic funds.

OIL AND GAS

Table of oil and gas stocks including various energy companies.

FINANCE, LAND, ETC

Table of finance, land, and other stocks such as various financial institutions.

TEAS

Table of tea stocks including various tea companies.

MINES

Table of mining stocks including various metal and coal producers.

LEISURE

Table of leisure stocks including various entertainment and service companies.

PROPERTY

Table of property stocks including various real estate and investment trusts.

INVESTMENT TRUSTS

Table of investment trusts including various international and domestic funds.

OIL AND GAS

Table of oil and gas stocks including various energy companies.

FINANCE

Table of finance stocks including various banks and financial institutions.

O.F.S.

Table of O.F.S. (Overseas Financial Services) stocks including various international funds.

DIAMOND AND PLATINUM

Table of diamond and platinum stocks including various precious metal producers.

Notes and footnotes providing additional information about the data, including disclaimers and contact details for John Foord.

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MAN IN THE NEWS

Sir John's bad 20 minutes

BY BRENDAN KEENAN

THE CHIEF Constables of the Royal Ulster Constabulary, Sir John Hermon, likes to recall his own days on the beat in rural Ulster between 1960 and 1971. He never carried a gun.

His ambition is to return the RUC to an Ulster where it can operate without the magnanimous, earthen and riot guns which have become everyday equipment. After last Sunday's clashes in west Belfast, when the TV cameras recorded a man being killed by a police plastic bullet, that day seems further away than ever.

Whatever he may say in public, Sunday's events will be a bitter blow to the 54-year-old Sir John. More than any other chief constable, Jack



Sir John Hermon

Hermon has been associated with attempts to make the RUC more acceptable to the Catholic community.

He believed he was succeeding in making the force more professional and showing it could act as an impartial protector of both communities against the paramilitaries of both sides. It was a strategy not always appreciated by the policeman on the street, who was expected to behave like a normal copper in an abnormal situation. That, strict Sir John's reputation as a disciplinarian, has meant that he is not popular with the rank-and-file.

Yet much of his work since his appointment in 1980 was done in 20 minutes last Sunday. Even his supporters in the Catholic community, such as Bishop Cahill Daly, have protested. "Professionalism" is a word which the Chief Constable uses regularly and which surprised many people and must be particularly galling for Sir John—who was the sheer unprofessionalism of Sunday's police operation.

But Sir John's general attitude to politicians is one of impatience. He has added to the controversy over last weekend by clearly distancing himself from the view of Mr Prie Martin Galvin, from entering the country. Police attempts to arrest Galvin, a leader of the U.S. fund-raising group, Noraid, led to Sunday's violence.

The Dublin government has not forgiven Sir John for defending an incursion into the Republic by RUC officers, which took place in 1982 when he only reluctantly ended his ban on meeting local politicians under strong pressure earlier this year.

Sir John, who took over from the present Commissioner of the Metropolitan Police, Sir Kenneth Newman, was marked out for advancement from early in his career. In 1969 he became the first RUC officer to attend Bramshill Police College. He served as head of the force's training centre in Enniskillen and went on attachment to Scotland Yard in 1979 to prepare for the top job.

He is unlikely now to change his view that the RUC can provide effective policing in all parts of the province and he was a staunch proponent of the policy of replacing the army with police. But that has meant SAS training for selected officers in "speed breeder and aggression" as a police representative put it, and a return to riot duty and equipment for the force.

Sir John has served a relatively long period in the top job and there is speculation about his successor. Last weekend's events may lend weight to the argument of Ulster Catholics and the Irish government that only a change in the way security is administered can win acceptance for the police in Nationalist areas.

It is an argument which is anathema to the Chief Constable, with his distrust of politicians, but those Catholic politicians calling for his head seem to have no clear idea where they will find a suitable replacement.

De Lorean acquittal no bar to 'sting'

BY NANCY DUNNE IN WASHINGTON

THE U.S. Attorney-General said yesterday that the acquittal of the crime maker John De Lorean could not deter the Federal Government from using undercover "sting" operations.

In the acquittal of Mr De Lorean on drug conspiracy charges, however, it appears that the party stung is the U.S. Justice Department.

While the case seems unlikely to have an immediate impact on U.S. case-law or to deter police from working undercover, the De Lorean jury in Los Angeles sent what was seen as a clear message to Washington that government "stings" should be conducted more judiciously.

Mr De Lorean's lawyers were in effect able to put the Government on trial and to prove that it had acted improperly. To land a fish the size of Mr De Lorean one federal agent had re-written some of his investigative notes and another had backdated forms authorising some of the trial's videotapes.

The most crucial government witness was shown to be an admitted perjurer and cocaine-smuggler who had demanded a \$100,000 bribe to testify. Some of his investigative notes and another had backdated forms authorising some of the trial's videotapes.

The defence was ably assisted by the presiding judge, Mr Robert M. Takasugi. He gave the jury such specific instructions on entrapment that the defence was allowed to prevail. The judge said that in an

entrapment case the idea for the crime must come from the creative acts of government agents or informers. The defendant must have been not ready and willing to commit the crime before he was induced to do so.

The burden of proof thus fell on the Government which was unable to prove beyond reasonable doubt that it had not set out to entrap Mr De Lorean.

The Justice Department had unfortunately ignored its own guidelines in choosing for a "sting" victim a man who had no previous criminal record and was not clearly involved in some sort of lawless activity.

In the end the verdict was also a victory for wealth and charm. The Justice Department is likely to take care to choose defendants less glamorous and personable and without the means to engage top legal talent.

Mr De Lorean himself reacted with a curious mixture of plety, humour and self-pity. From his first reaction—"Praise the Lord—he moved to asking 'Would you buy a used car from me?'"

He then asserted his life had been destroyed. He said: "My hard-working reputation of many years has been totally obliterated. My personal assets have been taken away from me."

On the offensive, Mr De Lorean demanded government legislation to protect other

"innocent victims" from over-ambitious entrapment operations.

He likely to find support in Congress where a house subcommittee recently issued a report critical of government "sting" operations and demanded safeguards to keep the Federal Bureau of Investigation from getting out of control.

Meanwhile Mr De Lorean's troubles are far from over. Within a matter of days or weeks court action could begin on the \$400m (1300m) fraud suit being waged by several investors in his enterprises. A Detroit grand jury is also investigating criminal fraud charges.

Kenneth Gooding in London writes: Members of the all-party Commons Public Accounts Committee, which has been investigating the De Lorean motor company fiasco, said yesterday they hoped Mr De Lorean might now accept an invitation to appear before them.

Last month the committee's report on the De Lorean crash described it as "one of the gravest cases of misuse of public resources for many years."

Mr Michael Morris, Conservative MP for Northampton South, said in a BBC radio interview: "It seems to me that here is somebody who is a reawakened Christian who wants to get back into industry. You can't go back into the world of industry with so much muddied water around

unless you answer some questions. "There is one particular area that still worries us very much. It is the \$17.65m that, in the words of the receiver's evidence to us, 'went walkabout'."

"Mr De Lorean had a lot of public money and \$17.5m of it is missing and we would like to know what happened to it."

Mr Robert Sheldon, the Labour MP for Ashton-under-Lyne who chairs the committee, also interviewed by BBC Radio, said Mr De Lorean, through his lawyer, offered last October to appear before the committee but later withdrew the offer.

"There is a whole range of other matters [apart from the \$17.65m] which we were unable to pursue in detail because the prime witness concerned was not there," he said.

Mr Sheldon said, however, that if Mr De Lorean came to Britain the committee could not offer safe conduct to him or shield him from writs or prosecution.

Mr Dale Campbell-Savours, Labour MP for Workington, held out little hope that it would be able to question Mr De Lorean. "It would be a delightful prospect but hardly realistic," he said.

No formal request for Mr De Lorean to be extradited has been made by the Government and no charges have been made against him in Britain.

ITT moves to protect share stake in STC

By Alexander Nicoll in London and Paul Taylor in New York

ITT, the diversified U.S. group, yesterday took the first step to prevent the over-dilution of its holding in Standard Telephones and Cables, the UK communications group, in STC's planned takeover of computer maker ICL.

ITT again stressed that it intended to own 29.9 per cent in the merged STC/ICL group—the maximum it can hold in the combined group under British takeover rules without hiding for the remaining shares. ITT used to own all of STC, but has reduced its stake in recent years.

Fears

The takeover bid, agreed by ICL's board earlier this week, aroused fears in the Labour Party that British technology will be sold off to American owners. STC has given assurances, however, that ITT will not have access to ICL technology.

ITT paid £12.5m, or 275-p shares for 5.03m STC shares through the London stock market. The purchase raised its stake in STC from 35.4 per cent to 36.9 per cent.

If all ICL shareholders opted to take STC shares in response to the current £410m one-for-two offer, ITT's holding would be diluted to 26 per cent of the combined group after taking account of yesterday's purchases.

Mr Rand Araskog, ITT chairman and chief executive, said: "The purchase of these additional shares is a further indication of ITT's continued confidence in the management of STC."

Mr Ted Newman, STC treasurer, said he believed ITT was still in the market for a few more shares, but noted that it could not have bought more than another 2 per cent of STC without triggering a full takeover bid. After the ICL bid goes through, it will be able to buy more shares in the combined group to take its holding to 29.9 per cent.

ITT acted quickly, Mr Newman said, because the market price was good and because it did not want to see its holding in STC to fall below 25 per cent at any stage. The ICL bid could have reduced its previous 35.4 per cent stake to below that level.

Attack

Margaret van Hattem writes: Mr Peter Shore, Shadow Trade Secretary, yesterday resumed his attack on the STC bid for ICL by referring to the Monopolies and Mergers Commission.

Mr Shore said ICL represented 20 years of British effort to establish an independent mainframe computer industry. "It cannot be right to allow it to be taken over by STC, a firm in which the U.S. giant ITT is the largest single shareholder, without the most searching inquiry and independent consideration of where the national interest lies," he said.

Ravenscraig cuts use of coke

BY BRIAN GROOM, LABOUR STAFF

THE British Steel Corporation cut the rate of coke oven operations at Ravenscraig works in Scotland yesterday, as the crisis over the dockers' ban on coal imports at the Hunterston terminal on the Clyde remained unresolved.

The National Dock Labour Board will meet in London on Monday afternoon to discuss the row. BSC will not try to dock the coal vessel Ostia before then, but is reserving its option to do so afterwards.

The transport and General Workers Union has threatened to call another national dock strike if the Ostia, carrying 95,000 tonnes of coking coal for Ravenscraig, is docked and unloaded without the use of the tugmen, boatmen and registered dockers. They are backing coal imports in support of the strike.

This would stop at the point where dockers normally take over—assembling the final residue of coal or ore in the centre of the hold so the cranes can reach it. A labour board committee deferred a ruling on this on Wednesday.

Even if the board supports BSC, the crisis will not be resolved. The TGWU has threatened a strike if the ship is berthed by "scab labour"—an operation not covered by the scheme.

Signs of unease among Hunterston dockers have emerged. They are due to meet on Monday, and want to see the row quickly resolved.

Some reports suggested that the dockers, tugmen and boatmen were willing to handle the Ostia on Thursday, but changed their minds after pressure from the union. Mr Jim Gilligan, TGWU Scottish docks secretary, denied this.

Liverpool docks agreement likely, Page 4

Egyptian has £8.3m Fleet stake

BY CHARLES BATCHELOR

DR ASHRAF MARWAN, a wealthy Egyptian businessman recently involved in the controversy surrounding shareholdings in the House of Fraser stores group, emerged yesterday as a major shareholder in Fleet Holdings, the Daily and Sunday Express and Daily Star newspaper group.

Dr Marwan, a son-in-law of the late President Nasser of Egypt, has built up a holding of 4.3m shares—worth £8.3m at Fleet's Stock Market price yesterday—equivalent to just over 5 per cent of the newspaper group's equity.

This stake makes Dr Marwan the second largest individual shareholder in Fleet after Mr Robert Maxwell, owner of the Daily Mirror, who bought a 10 per cent holding in June.

Fleet's shares rose briefly to a high for the year of 200p yesterday on news of the new shareholding but then fell back to close 5p down on the day at 194p. This value, Fleet was floated off from Trafalgar House—the construction to shipping group—2½ years ago under the chairmanship of Lord Matthews.

An unsuccessful attempt by the Australian businessman, Mr Robert Holmes a Court to bid for Fleet and the subsequent sale of his holding to Robert Maxwell has kept the company at the centre of bid speculation in the past two months.

Dr Marwan, aged 40, recently valued his personal fortune at about \$20m (£15m) but until the publication earlier this month of a Trade Department inspector's report into share dealings in House of Fraser, he was not widely known to British investors.

He disclosed that he held a 2.5 per cent stake in House of Fraser and also has investments in property, hotels and financial groups. He is a long-time business associate of Mr Roland "Tiny" Rowland, chief executive of the Lorch trading group, which is seeking to demerge Harrods from House of Fraser.

Mr John Griffiths, QC, the inspector, found no evidence of concert parties—groups of shareholders acting in secret to gain control—at House of Fraser but said he thought Dr Marwan had a closer liaison with Lorch, and with Mr Rowland in particular, than he had revealed.

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES:		FALLS:	
AE	81 + 4	Pearl Assurance	885 + 15
Alliance Oil Dev	60 + 6	Polly Peck	225 + 19
Aran Energy	56 + 5	Prudential	525 + 15
Brooke Bond	117 + 4	Randfontein Ests	590 + 31
Claremont Petroleum	277 + 1	Rowntree Macintosh	322 + 14
Cluff Oil	72 + 7	Searle Resources	5 + 5
Cornell	210 + 15	Sidlaw Inds	392 + 12
De Beers Deft	456 + 8	Tate & Lyle	373 + 8
Gold Mines Kalg	490 + 20	Telephone Rentals	210 + 20
Halstead (J.)	67 + 6	Wholesale Fittings	320 + 15
Legal & General	520 + 12	Wolverhampton & D	238 + 16
Marston Thompson	36 + 5		
Mitford & White	134 + 9		
NSS Newspapers	120 + 6		

WORLDWIDE WEATHER	
Ajaccio	26 77
Algiers	29 84
Amst	21 68
Athens	27 70
Bahra	35 86
Berlin	26 78
Bombay	28 82
Buenos	23 72
Calcutta	28 82
Cardif	20 72
Cebu	29 82
Cheng	24 75
Cologne	24 75
Copenh	18 64
Dublin	16 61
Edinb	16 61
Hong Kong	28 82
London	16 61
Lyons	16 61
Madrid	23 73
Manila	28 82
Mexico	23 73
Moscow	16 61
Mumbai	28 82
Nairobi	23 73
Paris	16 61
Rangoon	28 82
Reykjavik	16 61
Rome	23 73
Singapore	28 82
Sydney	23 73
Taipei	28 82
Tokyo	23 73
Yokohama	23 73

THE LEX COLUMN

Takeover tattle takes over

The stock market has already seen enough activity so far this August to last a few silly seasons, so few brokers will have chafed at yesterday's return to a more normal mid-summer tempo. Equities have now recovered to within striking distance of their historic highs and there has been little in the way of exciting news this week to close the gap that remains.

Yesterday's news of a further base rate cut and a drop in the annualised rate of inflation caused barely a ripple in the City, so fully had they been discounted earlier in the week. Takeover rumours aside, the equity market has been buoyed up over the past fortnight by the strong rally in gilt-edged. But there are now few grounds for encouragement on that front either. The Bank of England has bent over backwards to discourage thoughts of lower base rates in the immediate future and the fixed-interest market has duly taken the hint. Prices fell by around ½ of a point at the long end yesterday, restricting the Government Broker to a brief sally with his new top stock in the early morning.

One surprising feature of Friday's slower market was the emergence of brokers in London to turn a blind eye to rising equity and bond prices overnight on Wall Street. The strong rally in New York ignited the London recovery in the first place and might have been expected to promote fresh impetus yesterday.

The general impression left by the London markets this week is that bad news, from New York or anywhere else, will carry more weight than good. Investors have dealt savagely over recent weeks with UK companies which have failed to live up to often demanding expectations. This week, the transgressors have included BSR and Waring & Galloway.

But, even if Wall Street's positive influence may for the moment have diminished in general terms, American investors are still doing their bit to keep some individual stocks bubbling along. Royal Insurance this week found itself added to the now familiar list of names on the U.S. check-sheet.

So far, this American interest has been confined to portfolio investors but the prospect of a corporate bid from across the Atlantic is now adding real spice to some of the more credible City takeover rumours. Official clearance for the takeover of

ing more seriously at the liberalised tax treatment of low-coupon, deep discount bonds. The new rules effectively grant both the issuer and holder of such bonds—assuming they are taxpayers—the benefit of an interest-free loan from the Inland Revenue.

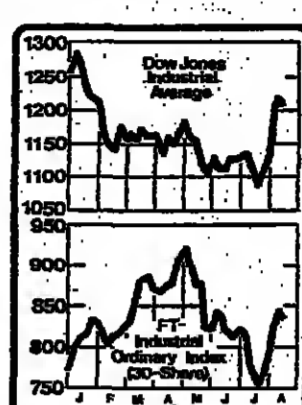
The issuing company is permitted to offset the notional cost of servicing the bond against corporation tax each year during its life: although it will put little or nothing by way of coupons. The bondholder, however, need pay no tax on the rolled-up interest until the redemption date—or at least until he sells.

This breach of the principle of symmetry in the taxation of borrower and lender would produce a substantial tax saving to tax-paying companies issuing long-dated bonds when normal interest rates were high. The IFS figures indicate that when redemption yields are around 13 per cent, the issuer of a zero-coupon bond could in theory save nearly 3 percentage points on the yield on offer. In practice, market pressures would force the splits to be divided more equally between issuer and buyer.

But the chances of corporate treasurers exploiting this advantage, in the manner of their U.S. counterparts, must be remote—and not just because the rigorous, mathematical approach to bond trading is less well developed on this side of the Atlantic. Low-coupon, long-dated bonds have shown such volatility over the last 12 years that they are now shunned by many City institutions and private investors alike. And most of the UK companies likely to find such paper attractive might well present investors with an unacceptable credit risk.

With insurance companies increasingly running mixed pension and life funds, the average tax rate of the players in the UK bond markets is only around 10 per cent. The advantages of the new tax rules highlighted by the IFS could thus only be exploited adequately by a small number of investors, paying higher rates of tax. But such taxpayers in any case have other tricks up their sleeves, in particular dividend-stripping, a device which cannot be used to reduce the tax on zero-coupon bonds. And as for the companies themselves, the fact that the capital uplift on low-coupon securities issued by the government is normally tax-free must continue to make it difficult for corporate issuers to compete at all.

Index rose 4.2 to 838.3



ICL, assuming its materialises, will only underline the impression of a more open competition policy fostered by the Government.

The threat of a Monopolies Commission reference has worked to keep American holders at bay ever since Enersch was frustrated in its quest for Davy Corporation. But the strong market in engineering shares over the past few days has been reflecting thoughts that the sector—and not least Davy—may become the target of renewed U.S. interest. Reports that Brooke Bond is talking to prospective U.S. white knights in an effort to escape the clutches of Tate & Lyle are hardly to be wondered at under such circumstances.

American corporate treasurers are presumably alert to the attractions of buying sterling-denominated assets at the current exchange rate and to the possibility that every analyst's prediction of a falling dollar may not be a canard for ever and a day. The pound has stayed steady on its feet in the face of the past fortnight's base rate cuts, reflecting guarded optimism that the U.S. economy may at last be slowing down and a much firmer tone to spot oil prices.

Corporate bonds

After a flurry of excitement in the last four months of 1982, the corporate bond market relapsed into a deep slumber. And the tax incentives in this year's Finance Act have so far done nothing to wake it up. But a paper published this week by the Institute for Fiscal Studies, suggests that company finance directors ought now to be look-

Midland Bank Interest Rates

Base Rate
Reduces by ½% to 10½% per annum with effect from 20th August 1984.

Deposit Accounts
Interest paid on 7 day deposit accounts reduces by ¾% to 7¼% p.a. with effect from 20th August 1984.

Monthly Income Deposit Account Service (MIDAS)
Interest paid will be reduced from 10% to 9¼% p.a. with effect from 17th September 1984.

Save and Borrow Accounts
Interest paid on credit balances reduces to the above Deposit Account rate and interest charged on overdrawn balances remains at 19½% p.a. with effect from 17th September 1984. APR 20.9%.

Midland Bank
Midland Bank plc, 27 Poultry, London EC2P 2BX

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